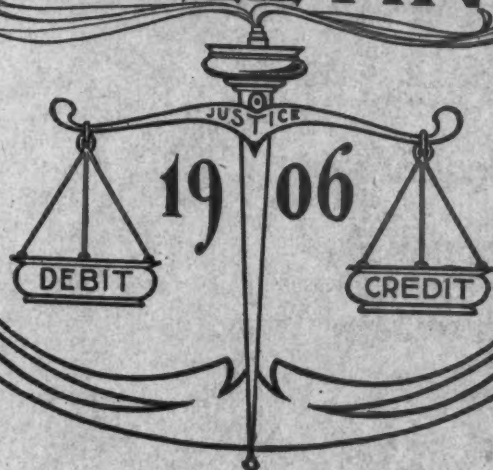


NATIONAL ASSOCIATION of CREDIT MEN

MONTHLY BULLETIN



AUGUST

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1906-1907

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BULLETIN

OF THE
NATIONAL ASSOCIATION OF CREDIT MEN.

PUBLISHED MONTHLY BY

CHAS. E. MEEK, SECRETARY-TREASURER,

41 Park Row, New York.

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Notes.

The Chicago Credit Men's Association has secured quarters for the 1907 Convention at the Auditorium Hotel.

The Savannah Credit Men's Association has established a bureau for the exchange of credit information.

The Twelfth Annual Convention of the Commercial Law League of America will be held in the Battery Park Hotel, Ashville, N. C., July 30-August 4, 1906.

The National Office acknowledges recent calls from Mr. A. P. Foute, Fort Worth, Texas; Mr. Geo. B. Pulfer, South Bend, Indiana; Mr. D. B. McCoy, Kansas City, Mo., and Mr. H. E. Choate, Atlanta, Ga.

President Alfred H. Burt, of the Buffalo Association, spent several days during July at the Manhattan Beach Hotel, where the annual convention of the Wholesale Confectionery Association was held. Mr. Burt, while in the city, called on a number of his old friends.

Dame Rumor has it that the Legislature of New York State will be requested to pass a measure at its next session regulating the transfer of names in bulk to hotel registers. The cause is said to be the arrival in New York City of Mr. Jack Pappatheodorokoumountourgeotopoulos.

Following the Convention, Secretary Foote, of the St. Louis Association, spent several days in New York City. Mr. Foote was accompanied by his son. Miss Foote, who graduated from Pratt Institute in June, returned home with her father.

Mr. Max Silberberg, of Cincinnati, who attended the Convention as a delegate from that city, spent several weeks in the East. Mr. Silberberg was accompanied by his daughter, who at the close of the Convention sailed for an extended tour of Europe.

Governor Higgins vetoed the bill passed at the last session of the New York State Legislature, by which it was sought to provide a substitute for the Bulk Sales Law of 1904. It is understood that the Governor believed his approval of the bill would seriously affect pending litigation under the old act.

E. L. Harper, rehabilitated capitalist, whose financial career has been one of the most remarkable of recent times, has been denied a discharge in bankruptcy. Several months ago Harper filed an application for a discharge in bankruptcy in the United States Courts of Virginia. Harper failed some years ago for nearly a million dollars after an effort to corner the wheat market.

C. S. Dickey, a prominent and influential member of the St. Joseph Credit Men's Association, who was a delegate from that Association to the Annual Convention held in Baltimore, Md., spent several days in New York after the Convention adjourned and made a pleasant social call at the National Office while in the city. Mr. Dickey is connected with the Wyeth Hardware Mfg. Co., of St. Joseph.

On the second day of the Convention the Baltimore Association entertained the visitors with a trip to Annapolis. Considerable difficulty was experienced by the captain of the steamboat in making the landing at Annapolis, which prompted him to pay the ladies in the party a handsome compliment by acknowledging their superior ability to land credit men.

At the annual meeting of the Portland Association of Credit Men the following officers were elected: President, Mr. Paul De Haas, with the Daugherty Fithian Shoe Co.; Vice-President, Mr. J. L. Schultz, with Prael, Hegele & Co.; Treasurer, Mr. F. S. West, with the Good-year Rubber Co.; Secretary, Mr. W. L. Abrams, with Messrs. Allen & Lewis.

The efforts being made by Major Francis P. Fremont, U. S. A., to relieve himself of his debts through the medium of the bankruptcy courts are not looked upon with favor by his brother officers. The War Department authorities are much surprised that an officer should so proceed, and instructions have gone forth to have the case thoroughly investigated, with the chance that Major Fremont will be tried by court martial.

Jacob Hoffman, formerly doing business at Palmer, Mass., is reported to have disappeared together with his stock of goods. A creditor who is a member of the National Association of Credit Men would like to learn of Hoffman's whereabouts. It is believed that Hoffman will soon blossom out again, the fact of which coming to the notice of any member should be reported to the National Office.

In the April BULLETIN appeared an article by D. W. Pomeroy, of St. Louis, on the "New Idea." Mr. Pomeroy's article was discussed at a recent meeting of the Cleveland Credit Men's Association, when plans were outlined to make a test along the lines suggested by Mr. Pomeroy. Secretary Taylor, of the Cleveland Association, would like to hear from any other Association which may have discussed this matter.

The New York Credit Men's Association has published in pamphlet form an address on "The Orient" by Congressman Duncan C. McKinlay, of California. The address was delivered at a banquet of the New York Association on the evening of April 17, or just a few hours before the San Francisco catastrophe occurred. Mr. McKinlay left New York the following morning for his home. Secretary Sayers will forward to members upon application a copy of the address.

The Credit Men of Texas are preparing for an active campaign in the interests of a "Bulk Sales Law," the passage of which they hope to secure at the next session of the Texas Legislature. The Texas Business Men's League has been formed. It is made up of the Credit Men of Ft. Worth, Dallas, San Antonio, Houston, Galveston, Waco, Austin and Beaumont. The League is soliciting the support of all interested parties and is making a liberal distribution of literature bearing on the subject.

The Atlanta Credit Men's Association has inaugurated a warfare against the bucket shops of the State of Georgia, and has prepared a bill which will be introduced at the coming session of the Legislature. The Association has the support of practically all the trade organizations of the State, all the banks and the large majority of merchants and manufacturers. The ministers seem also determined to take a hand in the matter, and have requested the Association to furnish them about 25,000 copies of the bill. David H. Kirkland, of the J. K. Orr Shoe Company, is the Chairman of the Legislative Committee of the Association and has had charge of the bill.

During a recent visit to Philadelphia Geo. E. Reynolds accepted an invitation to spend an evening at the home of David S. Ludlum. It stormed during the evening, and when the time came for Mr.

Reynolds to take his departure, a conveyance was secured, Mr. Ludlum accompanying Mr. Reynolds to the depot. The approach to the depot is over the railroad tracks, and the driver, knowing that no train was scheduled to pass by at that time, approached the crossing without the exercise of due diligence and care. As the horse was about to step upon the track, Mr. Ludlum noticed a flash of light and discovered a train rapidly approaching. Yelling a warning to the driver, Mr. Ludlum and Mr. Reynolds made a hurried exit from the conveyance. A moment after doing so an extra, running at a high rate of speed, whisked by. The prompt action on the part of Mr. Ludlum undoubtedly saved the lives of all. Both the gentlemen were severely shaken up and suffered considerable inconvenience.

The Executive Committee of the Cincinnati Credit Men's Association, at a meeting held on July 24, 1906, decided to establish an Interchange Credit Information Bureau. The Bureau has already secured fifty-six subscribers who have each agreed to pay the sum of \$15 per year towards its support. The Executive Committee decided to pay the initial cost of installation. A committee consisting of Samuel Mayer, of The I. Fallers Sons Co., Chairman; Sol. Stix, of the Louis Stix Co., and W. E. North, of Sanford, Varner & Co., were given full control of this Bureau for the period of one year. They are authorized to collect funds, to pay expenses, to adopt all rules and regulations, and in general to control this branch of the Association work completely for one year from date of organization. The movement has been very well received and it is believed that it is only a question of a few months until the membership will reach one hundred or more. Henry Bentley, Secretary of the Association, has been placed in charge of the new Bureau, which will be conducted on the same lines as the Bureau of the Columbus Association. No attempt will be made to compile information, but firms inquiring will be given the numbers of the houses selling the customer inquired on and they can then secure information from these houses direct. As a result of the agitation of the establishment of this Bureau a large number of new applications for membership in the Association have been received.

At a meeting of the Minneapolis Credit Men's Association held on June 19, 1906, the following resolution was unanimously adopted:

Resolved, That it is the sense of the members present that in granting accommodations to our customers, interest at the rate of 8 per cent. per annum should be charged monthly on past due accounts, and that we strongly condemn as unfair and unbusinesslike the practice of soliciting business by promising to carry accounts without charging interest after the maturity of bills.

A member has a fifteen-drawer commercial report filing cabinet to dispose of. The cabinet was purchased recently, but has not a sufficient capacity for our member's business. Anyone interested please write the National office.

A bankruptcy case just closed in New York City not only resulted in paying the creditors in full, but enough was realized to pay certain legal expenses and leave an unexpended balance in the hands of the Court. In this case it was first thought that the creditors would get nothing, but an investigation brought out sufficient facts to warrant suits being started against the directors of the bankrupt corporation to recover funds to which they laid claim. These suits were successful and the Court paid a high compliment to the attorneys who conducted them.

Wants.

CREDIT OFFICE AND FINANCIAL MAN, now with one of the large manufacturing clothing houses, is open to make a change; expert accountant, thorough correspondent, first-class credit man, handling over one thousand accounts with marked success, fully able to meet the most exacting demands in assuming entire charge of office, credits, finances, correspondence, etc.; compensation to start, \$2,500 annually; no objection to going out of town. Address, A. B. C., care of National Association of Credit Men, 41 Park Row, New York City.

CREDIT MAN OR BUSINESS MANAGER—Position desired with representative house where ability counts. Eleven years in present position with large manufacturing concern. Experienced in accounting, credits, collections, and handling salesmen. Good organizer and capable of taking entire charge of large office force. References. Address, Lee, care of Secretary National Association of Credit Men, 41 Park Row, New York City.

CREDIT OFFICE AND FINANCIAL MAN desires to make change. Has had over ten years' experience in charge of credits for wholesale manufacturing concern, and handling over one thousand accounts with great success, and four years' experience with wholesale and retail concern. Is now anxious to form connection and seeks desirable opening with good progressive house where there are chances to show ability and work. At present employed in Eastern New York, and does not object to going out of State. Can furnish highest references as to character and ability, and would, if necessary, invest \$2,500. Address, E. C., care of National Association of Credit Men, 41 Park Row, New York City.

WANTED—Credit Man and Correspondent with wholesale clothing house; must be experienced; state age, positions held, duties performed, salary wanted. Schloss Brothers & Co., Baltimore, Md.

CREDIT MAN with 14 years' business experience is desirous of associating himself permanently with a responsible house in the capacity of collection or general correspondent; accountant; stenographer; or private secretary. Satisfactorily connected, but a change is preferable because of limited possibilities. Married; age 30 years. Full particulars will be gladly given in a personal interview. Address, C. B. A., care National Association of Credit Men, 41 Park Row, New York City.

Its Constitutionality Should be Tested.

A North Carolina attorney sends us the following, which he says was enacted in 1905 as the law of the State:

CHAPTER 754.

The General Assembly of North Carolina do Enact:

Section 1. That it shall be unlawful for any person, firm or any dog or bitch known to be dangerous or vicious to run at large; Provided however, this section shall not be construed to prevent any person from turning such dogs loose from eight P. M. to six A. M. on the premises of the owner.

Sec. 2. That any person violating this act shall be deemed guilty of a misdemeanor.

Sec. 3. This act shall apply only to Mitchell County.

—Case and Comment.

OBITUARY.

Walter Seth Logan.

Walter Seth Logan, a prominent lawyer of New York City, died suddenly on July 20th.

Amongst credit men Mr. Logan was best known as a sturdy advocate of a permanent National Bankruptcy Law.

As a member of the American Bar Association, Mr. Logan rendered the business interests of this country great service and he will be



WALTER SETH LOGAN.

sadly missed by those who had the privilege of being associated with him in the work of opposing the repeal of the bankruptcy law.

He served as a member of the Joint Committee on bankruptcy law and legislation organized during the last session of Congress by the friends of the bankrupt law. Mr. Logan assisted in drafting the amendments to the bankruptcy law which were presented to Congress. Besides being a successful lawyer, Mr. Logan had large business inter-

ests, being officially connected with a number of prominent corporations. A man of pleasing personality, generous disposition, and withal a kind heart, a true friend of many, has passed away.

One of Mr. Logan's classmates penned, in a few simple lines, the following, which shows the characteristics of the man:

"As a classmate at Yale, and as his roommate while in the Harvard Law School, allow me to have these lines in his behalf printed:

"Mr. Logan was a typical New England boy, who worked his way through college and rose to eminence in a crowded profession in a great city without the aid of influential friends or rich relatives. When an undergraduate at Yale College he kept the college bookstore in one of the colder dormitories. He told me he borrowed the money needed at 6 per cent., and invested it at 8 per cent., thus giving himself some funds for post-graduate study. Leaving Yale in 1870 he took the two-years' course in one year at Harvard University by studying late at night.

"Mr. Logan was admitted to the New York bar in 1872, and rose rapidly in his profession; and was very successful as a jury lawyer. He sometimes said to Yale men, 'If Blackstone wrote an argument and Mark Bailey [professor of elocution at Yale College] read it before an average jury, it would have little effect.' Besides being a director in many corporations, Mr. Logan found time to take part in local politics, first in Brooklyn, where he was active, and later in New York County.

"He was interested in municipal reform and in remedial legislation, especially concerning the legal profession.

"It seemed as if he remembered the words of Daniel Webster to a despondent young law student, 'There is plenty of room at the top, but it is very crowded in the lower story.'

"Walter Seth Logan will be much missed by the judges and trial lawyers in the city and State of New York."

Mr. Logan left a widow and three children.

George Arnott.

In the death of George Arnott, which took place suddenly on the 8th day of July, 1906, the Los Angeles Credit Men's Association has lost from its membership one of its most esteemed and valued members.

His sudden death has affected his fellow members with peculiar force. Apparently in good health on the evening of Saturday, July 7, 1906, he attended the annual outing of the Association, at Venice, and entered to the fullest extent into the spirit of the occasion, adding by his jovial disposition to the entertainment of his friends.

It is fitting that we place in permanent form an expression of the loss which the Association and the business community has suffered by the death of George Arnott; therefore, be it

Resolved, That in the death of George Arnott this Association has been deprived of the advice and influence of one of its most active and ablest members. As a member of its Board of Directors and important committees he gave his time and energies, at the expense of his private business, to the advancement of the principles of honorable and just dealing in business relations. He was himself, in his business and personal relations, an exponent of the best type of man.

Resolved, That these resolutions be spread upon the minutes of this Association, and as an expression of our sympathy a copy of the same be sent to the family of our deceased member.

Bureau of Insolvency Claims.

President Graham, of the New York Credit Men's Association, has issued the following letter to the members of that Association:

"In view of the great benefits which have resulted from the institution of Adjustment Bureaus in connection with local Associations of Credit Men throughout the country, and by reason of the growing demand which has come from the more important centers of trade that the Credit Men's Association of New York City put into operation a Bureau equipped to act in harmony with the Adjustment Bureaus in other cities, for the purpose of quickly and economically handling insolvency cases, and pursuant to instructions by the Executive Committee of the New York Credit Men's Association, I beg to advise you that there has been opened in the New York Credit Men's Association a 'Bureau of Insolvency Claims.'

"The purpose of this Bureau will be to endeavor to secure by personal solicitation the assignment of claims of New York creditors in out-of-town failures, and forward the same as quickly as possible to the local bureau having charge of the failure. The Bureau will act as a medium through which further negotiations, if any, may be conducted, and at final adjudication will receive and pay over to the creditor any dividend that may have been declared.

"It is not the purpose of the 'Bureau of Insolvency Claims' to act in any sense as an Adjustment or Collection Bureau, and no business of that character will be accepted.

"For the present, and until experience demonstrates a more desirable method, a charge for this service will be made commensurate with the service rendered, but said charges will at all times be moderate and reasonable, as the Bureau is not established as a commercial profit-sharing enterprise. We trust that local associations will avail themselves of this medium for the quick assembling of claims, and that New York creditors will immediately advise us upon learning of any out-of-town failures in which they are interested."

No Action Taken on Palmer Bill.

Congress adjourned without taking action on the Palmer bill, which provided for various amendments to the Bankruptcy Law. Congressmen Esch and Taylor succeeded in having Congress pass favorably on an amendment to Clause 4 of Sub-Division b of Section 64 of the Bankruptcy Act, so as to include traveling or city salesmen among the preferred creditors of a bankrupt.

The clause as amended reads as follows: "Fourth. Wages due to workmen, clerks, traveling or city salesmen, or servants which have been earned within three months before the date of commencement of proceedings, not to exceed \$300 to each claimant."

The *Dry Goods Economist*, a leading trade publication, in commenting on the attempts made to bring about the repeal of the Bankruptcy Act, says: "The business interests of the country are to be congratulated upon the decision of the House and Senate leaders not to permit the consideration of any of the pending bills providing for the repeal of the Federal Bankruptcy Law.

"The overwhelming sentiment of business men throughout the country is strongly against the repeal or emasculation of the law, and has been reflected in hearings before the House Judiciary Committee, which left no doubt in the minds of Congressmen as to the desirability of retaining the law on the statute books."

President Fessenden Appoints Special Committee.

At the Eleventh Annual Convention of the National Association of Credit Men, held in Baltimore, Md., June 13, 14, 15, 1906, considerable interest was manifested by the delegates in the question of the adjustment of losses in the San Francisco earthquake and fire disaster. After a full discussion of the whole subject the following resolutions were unanimously adopted:

"WHEREAS, The disaster that has recently occurred in San Francisco presents for the consideration of the insurance men problems which they have never had to deal with before; and

"WHEREAS, It is reported that the ablest insurance adjusters in the United States will be called to San Francisco to adjust the insurance losses suffered by the people there; and

"WHEREAS, It is for the interest of the business community of the United States that it be kept informed of the proceedings taken by the adjusters of the various companies in adjusting those losses; therefore, be it

"Resolved, That this Association appoint a committee of five, whose duty it shall be to inform themselves of the adjustments made by the various insurance companies carrying policies in San Francisco, to the end that this Association may be fully informed as to the insurance companies which deal justly and liberally with the people of San Francisco in the adjustment of their losses; and

"Resolved, That said Committee, after such adjustments have been made, report its findings to this Association, and that a copy of such findings be sent to every Association of Credit Men in the United States; that credit may be given to those companies to whom credit is due for just and prompt adjustments."

Conforming with the provisions of these resolutions, O. G. Fessenden, of New York, President of the National Association of Credit Men, has appointed as said committee:

G. Witherspoon, President of the Los Angeles Credit Men's Association.

G. Brenner, President of the San Francisco Credit Men's Association.

A. H. Devers, President of the Portland Association of Credit Men.

Geo. F. Telfer, President of the Seattle Credit Men's Association.

Arthur Parsons, President of the Utah Association of Credit Men.

Leniency in Credits and Collections.

ADDRESS BY S. H. BARRETT, OF THE POSTE BROS. BUGGY CO. DELIVERED BEFORE THE COLUMBUS CREDIT MEN'S ASSOCIATION.

This is a subject as old as the credit business itself, but it is just as vital, or more so, to-day than ever before. Competition is sharp and few are so situated that they can refuse business with impunity, even if some risk is attached to the acceptance of it. But profits are also small, and one bad account may neutralize the good in many others. So to properly judge our risks, and not decrease the volume of business by refusing all orders that may be questionable, but reduce the losses to a minimum, calls for judgment of the highest order.

It is quite impracticable to outline rules or to require specified ratings or commercial standing. A credit man should be governed only by his individual judgment in each case, which may be modified, however, by a general policy.

First taking up the question of leniency in granting or extending credit, please bear in mind that extreme cases are hardly to be considered,

as they are probably exceptions that are said to prove the rule. Many cases, probably most of them, are easily decided; they are evidently good, or a few of them, possibly, clearly bad. But it is the case that is neither very good nor very bad, or where reports are conflicting, that causes the credit man worry, and there is just enough of this business offered to yield a handsome profit if *successfully* handled.

Suppose an order comes in from a party rated M-4 or Z. E., and all reports that can be secured show just about as much (or usually as little) as is common to parties with such a rating? In the summary he is *said* to be worth net about \$500, *considered* honest, *reported* to be of fair ability, no complaints are *heard* as to manner of meeting obligations, but on account of limited resources credit should be somewhat restricted. This is not finding fault with the reports, for most men of this type are either unwilling or incapable (often both) of making a report themselves. Such are the general terms contained in hundreds of reports that all of us have read and pondered upon, but to us there are no generalities. It is either *yes* or *no*. We have an order amounting to \$100, or \$500 or \$1,000, and as we can seldom see or talk to the man personally, we must depend upon such reports as we can get which are often meager, and at times conflicting, and must decide to grant the credit asked, or to refuse the order, and probably to lose any chance of ever again doing business with him. Maybe the order has been taken by a salesman, and he *should* be able to give us valuable information, but his views and opinions are necessarily biased. He has made a friend of the man, and having received the order, he returns the friendship. He also must make a showing, and as he has worked hard to get the order he naturally desires to see it accepted. My experience has been that the average salesman is a very poor credit man—but I find no fault with him for this, if he's a good salesman.

When the reports on a probable customer do not show him to be clearly good or bad, it is a case for the judgment of the credit man or the policy of the house, and I am in favor of as liberal a policy as the condition of the business, the margin of profit, and other considerations, will permit. I believe that most men are honest, and I think that losses largest in number and amount are from those about whom no question was raised in regard to credit at the time the order was received or the goods shipped. The personal standing and character of the applicant should be just as carefully considered as his financial strength, and this increases as the capital diminishes.

The easiest thing a man can do is to turn down an order, but if that is done the cost of securing the order is gone, the margin of profit in the business lost, as well as the good will of the prospective customer. Credit is often asked by a person just starting in business, and far out of proportion to the capital it is proposed to invest. Such men often develop into the largest buyers and staunchest friends, and a trade so established is easily held at little expense. One cannot definitely tell if an account will be desirable, and as only a small percentage of *all* are actually bad, it would appear to be wrong to refuse many, except those, that for *obvious reasons*, would be objectionable.

To digress for a moment, I would say this in regard to terms: Make them short as possible, but have them definite. It is most provoking to have a salesman say or write: "You will note terms on the order, but I told him that we would take care of him." To the credit man it means almost anything or nothing. To the customer it means, "I don't have to pay that bill until I get ready." Of course, terms vary in different lines of business, some give 10 per cent. for cash, and a few make a net price;

time runs from ten days to six months. I believe that if a firm "has the goods and the price" (matters usually outside the realm of the credit man) that orders can be taken on almost any terms the house may adopt, and neither is it necessary for a firm to be slaves to the terms that have always maintained in their particular line of business. I know that in a business where the terms had always been four-months time, 5 per cent., 30 days, one firm decided to do business on terms—net 30 days. Everyone said they couldn't do it, but they did, and they have prospered, and are more pleased with it each year.

Gentlemen, it is easy to adopt a policy, but it takes backbone to stick to it. It *may* cost a little time and money (and it *will* cost much work) to change the four-months, 5 per cent., 30-day man into a net 30-day man, but it *can* be done, and the advantages gained will many times repay the effort. The battle need be fought but once, and having been won, the question is seldom reopened and the gain is all yours. Short time and net prices will not prevent a good house from buying the line of goods they want, and the man who is chronically slow will steal just as much time after maturity, if the account falls due in six months, or if it falls due in thirty days.

In reference to collections, I will *assume* that there is a difference of opinion because I *know* there is a difference of policy or efficiency, and I want to champion the strict enforcement of contracts and terms. In our own experience with houses from which we ourselves buy goods, do we not find a wide variation and do we not draw a lesson from this? If a man owes \$2,000 and has but \$1,000 with which to pay, he begins to think, "Here's Jones & Co.; they are easy; I can let them wait; but there's Smith & Co.; they are stiff and their account must be paid." And is it not always the case? Those who are strictest and push hardest get their money, and the others wait. Then when he must replenish his stock, he sends his orders to the firm whom he has paid and with whom his credit is good.

Another want of backbone, rather than a difference of belief, is continuing to sell an unsatisfactory customer. We may *take on* a bad risk because we didn't *know* it was bad, but why continue year after year with one whom we *know* to be slow and unsatisfactory, and who, rather than show an improvement, really gets worse. It may be said, "Well, we got our money out of him; he doesn't owe us anything"; but it is like children who try how many times they can run across the track when the train is coming. They may not get caught the first or second, or maybe the fifth time, but they all end the same way.

It is a safe assertion that more than 80 per cent. of the trouble and worry is caused by less than 5 per cent. of our business. Suppose we cut out this 5 per cent, the salesmen can spend their time and money elsewhere, sales will hardly be reduced, and there will still be enough trouble left to keep the credit man from losing his position.

Only in a few instances do we lose the first bill of goods sold to a man, but then I submit it is more a question of efficiency in the collections than of judgment in the credits. We continue to sell a man simply because his name is on our books, whom we, ourselves, *know* to be worse than were the *reports* on some other man to whom we refused credit. The case is not now considered of the intentionally dishonest man, for all his early transactions have a nice, prompt, clean-cut appearance, until the time is ripe for the failure.

A customer may say, "I have to sell on long time, and I can't pay you promptly in ten days, or thirty days." Then we must educate him to using his local banks, and almost any honest, straight-forward business

man can arrange with some bank in his own town to loan him money, often on farmers' paper as collateral. The instances are rare where an individual, firm or corporation is able to carry all the paper accepted, and in each case the bank is the proper place for it. Only a few retail merchants really understand or appreciate the advantage of borrowing to meet their obligations promptly and to keep their credit good, but they usually elect to owe the manufacturer or jobber rather than the banker. We are not money lenders and should not be expected to furnish our customers capital with which to do business; however, this is just what we are doing in carrying past due accounts.

In granting credit I stand for as liberal a policy as is consistent with good judgment. Adopt whatever terms may be desirable or necessary, but when adopted let there be no deviation whatever. I argue that *terms* should not be used to assist in making a sale—the quality of the goods and the price should be sufficient inducement. Have the terms plainly understood, and particularly with a new customer get “started right.” Impress upon him the fact that *your* account must be paid promptly—if he can't pay all, let the “other fellow” wait.

Let us not be afraid to refuse an order simply because the man is an old customer, one from whom, after much worry and trouble, we have succeeded in getting a settlement for his “old account.” A good time to quit selling a slow man is when he doesn't owe you.

So long as men are human and credit is granted it will be abused by some, and it is only a pleasant dream that some day we will secure a line of customers who will all remit promptly. But, nevertheless, we can do much by a steady persistence in our collections, and we should never be too busy to give them the time and close attention they deserve. The fact that an account is due is sufficient reason why it should be paid regardless of whether we need the money or not.

A steady, persistent tone to a letter, devoid of threats, is more effective than one written in evident anger and filled with strong statements. The kind of a system to be used in collections is immaterial. Applicable to this, Pope says:

“For forms of government let fools contest,
What e'er is best administered, is best.”

These things may be old, there may be no difference in theory on such points, but there is a wide difference in practice. So let us watch our accounts and collections with diligence, and it is almost an axiom that if a firm are good collectors they are good pay. A few houses permit their customers to impose on them, and, in fact, to dictate to a great extent terms and prices. But a firm policy rarely loses a desirable customer, and it often makes good, prompt-paying customers of those who

I firmly believe that most men and most firms in business, both large and small, mean well and their ideas are good, but many lack stamina to carry them out. Let us decide what is right, then *do it*, and the result cannot be otherwise than good.
would otherwise be slow.

The Unexpected.

When the unexpected happens,
As it's bound to do, you know,
It finds somebody waiting
To shout, “I told you so!”

Played Ponies and Pinochle.

The examination of Max Rapport in the Bankruptcy Court here has been finished and, although no move has been made to begin criminal proceedings against him, it is at least practically certain that he cannot obtain a discharge from his debts. Referee Hotchkiss plainly indicated to the bankrupt that he believes his testimony was false, announced that he will withhold his signature from the certificate of conformity which a United States District Court judge usually requires before granting a discharge, and emphatically urged the trustee for the creditors to oppose any application which Rapport may make for a discharge.

Rapport's case is one that has aroused considerable curiosity in this vicinity, and credit men generally, as well as the bankrupt's creditors, are amazed at the record-breaking speed with which he passed from his debut in business to the bankruptcy court.

On May 16, last, Rapport opened a cloak and suit store styled The Emporium, at No 252 Main street, Buffalo, N. Y. He testified he had \$2,000 to start with and put it into the business. Less than three months later, or on August 11, he filed a voluntary petition in bankruptcy, scheduling debts amounting to \$2,084, and assets which he claimed to be worth \$450, but which he, with the trustee, later appraised at \$280, and which brought only \$125 at the trustee's sale. Of the scheduled total indebtedness, about \$1,450 is for merchandise, the rest being for borrowed money, and overdrawn accounts claimed by firms for which he had formerly traveled on commission. The creditors will receive no dividend.

At his first examination, he was asked by Trustee Charles R. Robinson to account for the rapid shrinkage of his money and goods, "I simply lost it," was his general answer. The trustee made him go into details, and he testified that his store expenses were \$200 or \$300 a month, and his household expenses about \$200 or \$300 more a month. He has a wife and two children, and said he has been paying \$26 a month house rent. His store rent was \$150 a month. After asking him the general questions whether he had disposed of any merchandise in bulk, or had turned over any money to his wife or anyone else other than for the purpose of meeting expenses, to both of which questions he replied emphatically in the negative, Mr. Robinson said:

"Now, then, Mr. Rapport, you have testified that you have disbursed in your store in three months \$810, for fitting up the place, for rent and for salaries, and that you have paid out \$210 for goods. Deducting these two sums from the \$2,000 cash you say you put into the business, leaves \$980 cash unaccounted for. Your schedules show \$1,448 debts for merchandise. Deducting from that \$2,800, which is your own estimate of the value of the goods remaining in your store, when you filed your petition, leaves \$1,168 in merchandise unaccounted for. Add the \$980 cash to that, and there is a total of \$2,148 in cash and goods unaccounted for. Now, where has all this gone in three months?"

Rapport replied that trade had been poor from the start, and that he had had to sell at cost or less than cost, and added: "I have spent a lot of money in various ways."

"That's too general. Be specific," demanded the trustee.

The bankrupt then said he had been to New York four times, which cost him \$400. Asked why he took those trips he said: "To buy goods and so forth. I couldn't get enough goods to keep the business going." And yet he had previously testified that his business was too small to warrant his keeping accounts. Further items which he mentioned were

\$25 paid to a New York doctor, and \$25 a week to his wife for provisions. "Living's high now, you know, and I've always been used to living well," he said. The trustee took into account these additional items, said that still left \$1,800 unaccounted for and asked for further offsets. Rapport said he spent \$4 or \$5 a day in pocket money. Yet he said he didn't drink, and was not an excessive smoker. At this juncture the referee remarked that owing to the character of the evidence being developed, the bankrupt ought to be represented by counsel, and he adjourned the hearing to give him opportunity to get a lawyer.

At his next examination, Rapport produced his bank book upon the order of the referee. It showed deposits in small sums during May, June and July, amounting in all to a little over \$1,100. Not a penny of this was left when he filed his petition. Rapport declared the \$1,100 was part of the original \$2,000 with which he had begun business. He was asked if he remembered any more expenditures than those he had told of at the previous examination. He cited "about \$300," which he said he had paid for some Persian rugs and crockery, which he had bought in New York. When asked why he hadn't included these in his schedule of assets (which shows only \$100 worth of household furniture and clothing, claimed exempt), he said he had bought them for his wife, at her request. He also cited expressage on goods shipped to the store, which he said must have been at least \$100, and \$75 more for store rent than he had previously mentioned. The stubs in his check books were gone over. They showed the total of his payments on merchandise accounts to be about \$450, or a little more than he had previously remembered. With all these items added, the trustee found still a large shortage of goods and cash, and he continued to examine him as to the check stubs for further enlightenment.

"Here's a stub for \$32 to Joe Levy. What was that for?" Rapport was asked.

"Pinochle," he replied.

"You have it noted 'for merchandise.' Is pinochle merchandise?"

"Hardly," smiled the bankrupt. "I didn't want to credit it to pinochle."

"Is that the only money you paid out for pinochle?"

"No, I lost \$200 or \$300 at that game, some in New York and some in Buffalo."

"You mean this \$32 was in payment of a gambling debt?"

"Yes."

"Here's another check for \$6 to Joe Levy. Was that for pinochle, too?"

"Yes."

"Did you ever win anything from Joe?"

"No, I'm an unfortunate gambler."

"Here's a check to I. H. Rosenberg, \$15. What was that for?"

"I bet it on a horse named Rapport. I thought a horse having the same name as my own ought to win, but he didn't. He was an unlucky horse, the same as I am an unlucky gambler."

The referee himself here took up the questioning in rapid-fire order, and forced the bankrupt to give particulars of the times and places of his losses. During this questioning he once said he had lost about \$400 altogether on pinochle and horse races, and a minute later he said it was about \$500.

Pressed closely as to where he got the \$2,000 with which he said he began business (the referee still questioning), Rapport at first said he had earned it while on the road and, almost in the next breath, said

he had borrowed it from an uncle named B. Pearlman, of San Francisco, who had lent it to him in New York somewhere on 117th street, west; he couldn't remember the number. He said he hadn't given his uncle any note for the loan; that he had borrowed \$5,000 from him once before, and had given no note for it. At the previous examination, he had sworn the \$2,000 with which he started business was "all my own."

In reply to further close questioning by the referee, the bankrupt declared that he had received the \$2,000 in \$10, \$20 and \$50 bills, had put the whole bundle in his vest pocket, and had carried it there every day for the four or five months which he said elapsed between the time he received the loan until he came to Buffalo and opened his store; had never spent a cent of it, and had it in his vest pocket all the while he was traveling from town to town for his firm.

The alleged \$2,000 loan from Pearlman is not included in the schedule of liabilities. When Referee Hotchkiss asked him why he hadn't included it, Rapport replied: "I didn't think there'd be enough assets to go around."

"When you swore to your schedules you knew you owed the \$2,000 to him, didn't you?"

"Yes, but it was a personal debt, in the family, so I didn't say anything about it to my attorney when he was making up my schedules," was the bankrupt's reply.

At this juncture the referee announced: "I have asked all the questions I want to. I think, Mr. Trustee, you have enough evidence to prevent this man's discharge, and I urge you to oppose it."

After that examination, Trustee Robinson had a talk with the bankrupt's wife. She denied, among other things, that her husband paid her \$25 a week. She said he handled the family purse. Rapport later changed his testimony on this point, claiming he meant to say it cost him that much to pay her household bills.

The trustee's theory is that Rapport's \$2,000 cash start was purely mythical; that he started almost wholly on credit and deposited the proceeds of each day's sales in the bank as a basis for further credit. At the final session of the examination, on December 18, Referee Hotchkiss indicated a similar belief. Rapport was being questioned again about the rugs and crockery that he gave to his wife, and he said: "I gave them to her when I was solvent."

"Judging from your testimony, I don't believe you ever were solvent," said the referee. Rapport hesitated a moment, then said: "I was at that time."

Reverting to the horse, Rapport, upon which the bankrupt had testified he had bet and lost money, the referee asked him if he had any interest in that horse. His reply was: "None except the money I bet on him. If I had owned him, I would have shot the brute long ago."

The examination ended without having definitely solved the mystery of Rapport's transactions. In closing the case, the referee said:

"I again urge the trustee to oppose any application the bankrupt may make for a discharge. I will do my share. I will withhold my signature from the certificate of conformity. Doubtless Judge Hazel will refer it back to me to learn my reasons for not signing. I shall then submit to him the bankrupt's own testimony, which is reason enough."

Mr. Kaefer Has a Problem.

Two persons enter into the real estate business on the partnership basis, the written agreement being that A invest \$100,000.00, and that

B, in consideration of his experience, shall put forth all his efforts in behalf of the business without advancing any finances whatever, it being understood that each are to share equal profits or losses as the case might be. A issues a check, payable to the partnership, for \$100,000.00, which is entered in the cash book and credited in the general ledger to A's personal account instead of an account called "Capital." Is this the correct way of disposing of this item? If not, what entries are necessary in order to show that B is in the partnership according to the above arrangement? In this case is it really necessary to have a "Capital Account?" My opinion is that the item should be credited to A's personal account and that it would be proper to write the word "Capital" in parenthesis next to A's name in the general ledger, so as to avoid confusion.

I should also be pleased to have some one give me a classification of the different accounts used in the real estate business where property is sold on the installment basis, and also indicate how the balance sheet should appear.

GEORGE C. KAEFER,
Dayton, Ohio.

Death of Mrs. W. L. Dales.

Of the many lady visitors attending the Eleventh Annual Convention of the National Association of Credit Men, held in Baltimore on June 13th, 14th and 15th, none was happier than Mrs. W. L. Dales, wife of the President of the Youngstown (Ohio) Credit Men's Association.

In company with her husband she arrived in Baltimore on the opening day of the Convention. Richly endowed with a capacity for full appreciation and enjoyment of the generous and lavish entertainment provided by the Ladies' Auxiliary of the Baltimore Association, she entered into the pleasures of the occasion with keen zest and enthusiasm. Her genial ways and winsome manners made her a favorite with the many new acquaintances she met, and at the close of the festivities she remarked to friends that she had had one of the happiest experiences in her whole life.

On Saturday, the day following the adjournment of the Convention, she accompanied her husband to Philadelphia, where they remained three days, arriving at their home in Youngstown on the following Tuesday. On the evening of that day Mrs. Dales dropped dead of apoplexy. Just one week after the Ladies' Banquet at the Hotel Belvedere in Baltimore, which she attended and to which she lent her charming personality, she was buried in the gown she had worn on that occasion.

The hearts of many have been saddened by the untimely death of this most estimable woman, and the many friends of her bereaved husband extend to him their sincere condolence and heartfelt sympathy in this hour of his affliction and grief.

The Calling In of Credit.

Since the first of the year it has been just one-fourth less easy for a Philadelphia cigar and tobacco retailer to get credit from his jobber, providing he had been doing a credit business. This represents the beginning of what the jobbers of this city believe will result in a great betterment of the conditions between the retailer and jobber and manufacturer, and which I believe are unique in the business world.

The peculiarity of the situation when you get down to it struck me the other day during a conversation with a certain Philadelphia jobber

who was bemoaning the fact that so many retail dealers seem to think that the credit system was invented for their special benefit by philanthropic wholesalers.

The funny part of it is that, in a way, it was. And the unfortunate part of it is that the sins of the father jobbers, or rather the preceding generation, are visited upon their sons, the present. If the old firms, say Lewis Bremer's Sons, when it dealt in manufactured tobacco, had known what would finally come of it, when they began to extend credit to their customers, who represented neighbors and friends, they would probably have thought awhile before they did it.

It is a common saying that a great many more men push their way into the retail branch of the cigar and tobacco business who have failed at four or five other things, than is the case in any other business. They bring nothing with them but a hope that they will succeed this time, and they find no difficulty in getting credit, after they have paid for their first bill. In some cases they do find it necessary to pay for that even, if they look like a good proposition.

They get a bill of goods from this jobber and that, on seven days. If they choose to sell these goods over the counter, and devote the money received to store expenses, paying the jobber nothing, and perhaps dropping out of business as quickly as they entered, the jobber can do absolutely nothing but refuse to sell the man another bill until he has paid the last one.

"But man alive," said I to the jobber, "why don't you occasionally look these people up before you ship them?"

"It won't work," said the jobber. "It wont work for a cent. Not long ago when I had a special deal on, I tried it in a hundred cases on a test. On seventy-five of 'em, Dun said, 'don't deliver.' I used my own judgment after all, and as they looked pretty good to me, I delivered in every case. I collected 100 per cent."

"Well, then, I don't see what your kick is," I said.

"Because that was only one instance, and money happened to be pretty easy at that time. It wouldn't happen again, and I just cited it to show the waste of time and money this getting reports on people is, in a situation like this."

The retailer isn't so much to blame. He was originally eagerly offered credit and accepted it. He was offered it, and he accepted it so many times that it finally came to be considered a sort of vested right. And in spite of all the credit, which I should think would be very tempting to a small thief, there are less than ten per cent. of the dealers who are being carried by their jobbers who are at all dishonest in their intent.

A lot of customers will pay \$10 on old accounts and want \$25 worth of goods on time right away, and because this was allowed for a long time, is the reason why the jobbers' ledgers are so fat. Now it is not permitted so much.

The winter just ending has been a bad one in the retail end of the trade, and a lot of dealers can't pay anything on their old accounts. The jobber has the alternative of cutting them off, and knowing that a "for rent" sign will soon go up on the store, or he can carry them along on a one-bill credit.

By this latter process, if he can figure out a ten per cent. margin, it only takes nine \$10 bills of goods actually paid for to pay his cost on ten bills, or to even him up exactly, if the retailer fails to pay for the tenth bill. He gives him a bill on seven days which must be paid for before the customer gets another.

This is a hand-to-mouth sort of game, but it is the best that can be

done under many circumstances, and it has its penalties for the jobber. Not a great while ago a jobbing house was bought out by a certain firm who inherited many of the customers along with the rest of the encumbrances. Some of these had owed money for years and had been carried along by the original jobber. They expected it from the new firm, and in some cases their expectations were realized, and in some they were not.

Those that were not dropped the firm found itself unable to dig anything out of and simply stalled them along. Those that were dropped simply went to another jobber and got credit for a bill of goods. As long as business is good they will pay for these bills. When it fails they will be forced to ease up a little, and it then depends on the jobber how much these accounts accumulate.

A formerly very well-known jobbing house in this city sold out and formed a new company. At least the deal had all the earmarks of a sale, but was merely a reorganization in order to close the books. That was the only way the firm could think of to get in any appreciable amount of its money, and as times were pretty easy just then, it is understood that the move was fairly successful.

But it isn't business, or at least it isn't good business, and the credit game has got to a point where a good many jobbers don't like to do business with retailers that might be called disgustingly prosperous because the fact that their payments are sure entitles them to claim concessions that wipe out the jobber's margin.

I asked a number of jobbers to tell me approximately the proportion of retailers they believed would have to suspend if every jobber called them to time, and I am afraid to print the proportion that was mentioned because I feel that it must be exaggerated.

As I said at the commencement of this article, credit is gradually being called in, and it is safe to say that it is 25 per cent. harder to get credit in this city now than it was in December. If an improvement can be brought about gradually in this line, it will be quite as much of a blessing for the retail trade as for the jobbers. The market will gain an intrinsic healthiness which it certainly does not possess at this time.—*Tobacco Leaf.*

Favors Amending Bankruptcy Act.

PORTLAND, Ore., March 28, 1906.

To Mr. R. L. Sabin, Chairman, and Members of the Committee appointed to consider the question of amending the National Bankruptcy Act, pertaining to using the written statement of a debtor made to a mercantile agency (for the purpose of obtaining credit), in preventing his discharge in bankruptcy, where it can be proven that the statement is fraudulent.

I am in favor of this amendment, notwithstanding the objections offered against it. While it may be true that it would make it a trifle more difficult to secure written statements, I doubt it very much, and even if it were true, I would feel safer in knowing that the statements I did receive through the mercantile agencies could be relied upon, than to have twice as many questionable statements.

The average merchant is no more likely to know of the adoption of such an amendment than he knows of the present State Law regulating the sale of stocks of goods in bulk. We have evidence every day that many merchants buying and selling bulk stocks do not know the law; at any rate, they do not conform with it.

This, in itself, satisfies me that there will be no material reduction in the number of written statements made by honest dealers to the mercantile agencies.

The amendment, as I understand it, will not deter an honest man from making a statement, and if he does know of the amendment he will know, too, that it is not likely to affect him in any way, but if it is made known to the business community that a written statement given to a mercantile agency *cannot* be used to prevent a discharge in bankruptcy, we are then offering a premium for rascality and throwing a safeguard around the dishonest merchant.

The dishonest man discovers much quicker than does the honest man, the weak points in the laws. It is the dishonest merchant, therefore, that we have to fear, and it is a menace to business to protect that class of people.

We find everywhere men who will buy indiscriminately if they get the chance, and who never intend to pay their bills. These men, fortunately, are the exception, but they are the curse. We certainly want to prevent their obtaining a discharge in bankruptcy, and we want to keep them out of business.

I think the present law is weak where it relies entirely upon a false statement made direct to a creditor, as the only statement that can be used to prevent a discharge in bankruptcy. The reason for this is that oftentimes the very firms in possession of such a statement, are those in a position to know its truthfulness, or rather its disregard for truthfulness. In the time of impending trouble, they protect themselves by either getting the money due them, or securing themselves to such an extent that they would be no longer sufficiently interested to make it *known that they have such a statement*, for reasons quite obvious, and the same reasoning explains why many of our merchants (and we have some right here in the city), when asked what is owing them by certain parties will mention only their open book account and will *conceal secured notes*.

These are incontrovertible but deplorable facts with which we must contend.

All laws pertaining to credits were originally to the advantage of the debtor, to such an extent as to cause an unfair loss to the creditor, but the laws have been gradually changed in the different states of the Union so as to afford better protection to the creditor. I might refer to the liberal exemption laws which were operative in many states, particularly the State of Texas.

Until within a few years ago a man could fail there, be execution proof, and still be in very comfortable circumstances. It made it unsafe to do business in that State without security. For instance, it was a common occurrence for a certain class of men to purchase all the goods that they could, dispose of them and use the money in improving their home or farm lands, buying implements, horses, cattle, etc. In case of failure to liquidate a business obligation, such a man made an assignment with the usual result that a compromise would be arranged for settlement on a 10 or 20 per cent. basis—this was generally accepted—there being no alternative, although it would be known that the man could pay dollar for dollar, were it not for the liberal exemption laws of the State, behind which he took refuge.

I regret that I cannot attend the meeting this evening and voice my sentiments in person, for I could advance many reasons in favor of the amendment as a result of years of experience in the granting of credits. I sincerely trust, therefore, that the committee will see that it is to the interest of all concerned to endorse this amendment as it stands.

Respectfully yours,

G. P. HENDERSON.

The Necessity of Curtailing.

BY ARTHUR E. TOWNE, in *Hardware Dealers' Magazine*.

How to keep his business on a paying basis, is the problem which confronts every dealer. This means a constant struggle with the leaks which drain away his profits. Most of these he has learned to control, but one of the largest and most troublesome of all he has not satisfactorily curtailed, and that is, credits.

What is credit? Technically it is defined as "trust in the promise of an equivalent to be rendered at a future time for values immediately transferred." This element is of such scope that its influence is felt in every nook and corner of the business realm. Its various functions facilitate business operation, put money in circulation and set idle ability and idle capital in motion. On the other hand, it is so easily abused that it detracts much from its usefulness and is a source of worry as well as of loss.

BETTER PRICES FOR CASH THAN CREDIT.

Merchants can make better prices for cash than for credit. The buying public knows this. Others using this fact for a foundation have built up enormous mercantile enterprises whose competition is felt throughout the country. I refer to catalogue houses and department stores. These institutions deal strictly for cash. With no part of their capital tied up in book accounts they always have ready money for the aggressive pushing forward of their business. By having many leaders they create for themselves enviable reputations as price makers.

How can dealers loaded down with a burden of credits expect to meet such competition? All that dealers have done so far to protect themselves is slight in comparison to what can be done by keeping their credits down to the lowest possible point, thus being able to go into the fight armed with their big competitors' weapon.

Economic crises occur at certain intervals. As a rule, these make sad inroads upon the profits of the hardwareman. It seems to be an established fact that the period of greatest prosperity is also the time when the volume of debt is greatest. Dealers relying upon the apparent prosperity of the country become less cautious than at other times, and their book accounts pile up. The buying public goes into all kinds of speculations, and credit passes the point where there is sound value behind it. Values become greatly inflated. Finally comes the time to settle up. Demand diminishes, the market becomes glutted, values shrink, men are out of work and debtors are unable to pay. Losses and bankruptcy follow. Then it is that the merchant finds a most disconcerting number of accounts on his books that will have to be charged up to profit and loss.

Wise is the hardwareman who through it all has kept a strong hand on the credit end of his business. Decline of values do him less harm, and he is better equipped to meet business depression.

A high commercial credit is a most valuable asset, and it should be carefully guarded. To meet his bills promptly and to be good for whatever he buys is necessary to maintain the dealer's commercial character or credit! besides it makes smooth many places that otherwise would be rough. Ability to pay is directly affected by the way goods are trusted out and collections made. It is imperative, then, to keep credits down and collections up, for it is easy for the dealer to get all his available cash on his books and thus diminish his ability to pay his debts.

CASH DISCOUNTS INCREASE AMOUNT OF PROFITS.

Our surplus, thus loaned out, draws no interest, and say what we

will, our profits do not cover this loss in a satisfactory manner. Often the capital thus loaned out prevents the dealer discounting his bills, and the discounts, were he able to take them, would every year add substantially to his profits. Anything that will honorably build up our income is desirable, and no way is easier or surer than by saving discounts. It takes cash to do it, and short book accounts and frequent settlements will help us to the cash.

Again, to curtail one's credits increases his profits, because the machinery of a credit system is expensive. This expense should be kept down by knowing who are good and limiting our credits to them. By good we mean not only those who are able to pay, but who will pay promptly. Very slow pay customers and those of doubtful financial ability we should rank very nearly in the same class as we do the deadbeats. The more we have of their accounts the more it costs to collect, and this expense must come out of our profits.

Overzealousness to secure trade and the consequent fear to say "No" put many bad accounts on our books. It is difficult to refuse to trade a customer who has spent more or less money in your store and who may also have brought you other trade, but if he is not deserving of credit he should be pleasantly but firmly refused, even if by so doing we lose him. Trust him, and sooner or later both customer and account are lost. There are a great many such people in every community, and their patronage is worth just as much as anybody else's so long as they pay. In our experience few customers are ever lost by refusing them credit. Here, then, is a reason for insisting on cash for the goods, as it seems to be the best, as it is the only profitable way of holding this class of trade.

Slow pay customers are something the same, for when asked to settle they are very apt to leave us until such time as they feel like paying. Thus their trade is lost in the meantime, if not altogether. Customers are occasionally lost, too, through disputed bills.

LONG CREDITS UNDESIRABLE.

Long credits are especially fruitful of misunderstandings. A customer forgets some of the items and insists he has never had them, and he expects you to accept his indistinct recollection in place of the record of your carefully kept books. You may lose him by insisting on settlement according to the bill, but if every point the customer disputes is allowed a bad precedent is established which is both troublesome and expensive.

Cultivate those who pay. They remain one's customers and friends. Of all those who deal with us they are most easily pleased. They are the principal ones whose kindly recommendations bring us new trade. They are not the ones who accuse us of trickery and dishonesty. They are not the ones who put us off month after month on their accounts, using their available money in the meantime to pay for more or less large bills of goods bought from catalogue houses.

Over the credit department a strict supervision should be maintained. All those to whom credit is to be extended should be carefully investigated. Do not stop when a man is found to be able to pay. Learn what are his personal characteristics. Is he dishonest? Does he drink? Is he a gambler? If so, put a limit on his account. Does he entertain his friends lavishly at some fashionable club? Do not take such a man's standing for granted. Things are not always what they seem. Look him up carefully. The distance from the "giddy whirl of fashion" to the bankruptcy court is short. If your local business man's association is up to date it has a booklet which will tell you something about the standing

of every one who buys goods in your town. Get a copy of that booklet and use it. Use your judgment, too.

A strictly cash business, were it possible, would relieve us of our greatest source of loss, and though it would not make the hardware business one "grand, sweet song," it would bring about a more satisfactory condition. If we cannot deal strictly for cash we can at least get close to it. Short credit can be insisted upon, and we can limit it to those who are good pay. To follow this out to the letter and at the same time push our business industriously and intelligently spells success.

Another Bankrupt in the Penitentiary.

In September, 1905, W. H. Foss, of Machias, Me., announced his inability to meet his obligations. He had been in business about one year. His attorneys stated that Foss's liabilities were about \$35,000 and that an inventory of his assets, which consisted of merchandise and book accounts, showed that he would be able to pay about 20 cents on the dollar; but that if he was declared a bankrupt the estate would pay little, if anything. County Attorney C. B. Donworth, of Machias, Me., made an examination of Foss's estate, and under date of December 7, 1905, announced to the creditors that he had completed his examination and that he had convincing evidence that the whole matter was a stupendous swindle. The effort of Foss's counsel to rally a majority of the creditors to accepting a 20 per cent. composition without Foss being first subjected to a rigid examination as to the disposition he had made of a large amount of property, which had recently come into his possession, was a signal failure. Later Foss confessed that his books contained no record of transactions involving many thousands of dollars, and that his signed statement to Bradstreet's was falsified; that he omitted important items from his schedule of assets; and that he was unable to give the details of many large items of business transacted during the month immediately preceding his failure. Moreover, it was apparent from his testimony that he had corruptly disposed of large quantities of merchandise. Through his testimony a large amount of goods which had been secreted by him was later recovered. At the time stated, a summary of the situation was given as follows: Foss stated that when he had entered into business one year before, he had \$5,000 cash on hand and in bank; notes and mortgages, \$8,000. He admitted having received \$6,000 from the sale of an island which had originally cost him nothing; also that he received \$2,700 on an investment in timber lands which had cost him only \$290, which left him, therefore, a net result of \$2,410 on that transaction. During the year he had purchased, and not paid for, merchandise to the amount of \$36,000, making a total of \$57,410, which he should have had as assets at the time he failed. A careful investigation disclosed but about \$10,000 available assets, and suspicion was at once aroused as to his disposition of the remaining \$47,410.

Shortly thereafter it was fully shown that gross frauds had been committed.

Foss was compelled to admit that he kept no merchandise or cash account, and his books showed that he rarely kept any account whatever with the houses of whom he purchased goods. Indeed, he confessed entire ignorance of the names and residences of many of his creditors, and was unable to explain what disposition was made of thousands of dollars' worth of merchandise purchased only a short time before his failure, and none of which was found in stock.

Criminal proceedings were begun against him in the U. S. District Court, upon complaint charging him with fraudulent concealment of

assets, and after spending a short time in jail he was released in \$3,000 bail for his appearance at the February term of court in Portland. When the hearing came on, the Grand Jury found one indictment against Foss charging him with fraudulent concealment of assets, another one against him and two confederates on a similar charge, and still another against him and a confederate for conspiracy. One of the confederates named in the second indictment was not apprehended, but Foss and the other respondent were arraigned before Judge Hale and pleaded not guilty. Trial occurred at Portland, consuming three days, and excited widespread interest. The case was admirably handled by Hon. Robert Treat Whitehouse, the United States District Attorney, and the jury promptly rendered a verdict of guilty as to both respondents after only a brief deliberation. Counsel having given notice of their intention to carry the case to the Circuit Court of Appeals on writ of error, the case was continued to March 3d, to give them opportunity to prepare and file the necessary papers. Meanwhile Foss and the respondent tried with him were admitted to bail in the sum of \$5,000 and \$1,000 respectively. The other confederate was apprehended and furnished bail in the sum of \$2,000 for his appearance at the June term of the Court. At the March term Foss's case was continued to April 27th, to afford his counsel time to prepare their bill of exceptions, but prior to the latter date, it became apparent that they could find no irregularity upon which to base their proposed proceedings in error, and they concluded to abandon dilatory tactics. Accordingly on the last named date, Foss surrendered himself in court and was sentenced to one year's imprisonment at hard labor in the State Prison, and was immediately committed in execution of his sentence.

This is the first instance in which a mercantile criminal has been convicted and imprisoned in New England under the present Bankruptcy Act.

The result gives profound satisfaction to the creditors and will go far to compensate them for their aggregate loss of many thousands of dollars out of which they have been swindled. They also bear in mind that two other indictments, supported by ample evidence, have been found against the bankrupt, and upon which he has not yet been sentenced.

Credit Reporting Licensed in Kentucky.

A bill passed the last Legislature of Kentucky, becoming a law, by which those engaged in credit reporting are required to take out a license which carries with it the payment of a fee of one hundred dollars. This is the law:

"Each and every person, partnership or corporation having representatives in this State, who engages in the business of inquiring into and reporting upon the credit and standing of persons engaged in business in this State, shall pay a license tax of one hundred dollars. Any person having such license shall print in his letter-head a statement of the fact. The payment of the tax shall be made direct to the Auditor, and his receipt therefor shall exempt the company or party carrying on said business from the payment of such tax in any county, and payment of such tax shall not be required of any sub-agent or correspondent of the party for the company carrying on said business in this State; and any such person acting as correspondent or sub-agent of such agent or company, and who shall transact any business, make report to such company, whether within or without this State, without the party or company having first paid the tax herein provided, shall be liable to all penalties for carrying on the business without paying the tax."

The Initial Loss Clause.

BENJAMIN S. WELSCH.

A little consideration of the initial loss clause in credit insurance—the loss which the insured takes care of before the liability of the insuring company begins—will make clear a matter much misunderstood. In the writer's opinion, the system is entirely logical, being founded upon two important features which are necessary to the existence of all insurance as an economic factor. These features are:

1. There can be no insurance against all loss, meaning thereby, all the results, direct and indirect, of the contingency insured against. There must be a limit somewhere.

2. There can be no insurance against a certain definite loss which recurs within certain definite intervals. That loss would be a certainty, and insurance means protection against the results of uncertainty.

Let us apply the first of these features to fire insurance. A fire obviously entails two distinct losses. One loss will come from the interruption to the business, such as worry, general inconvenience, loss of trade and customers, etc. The other loss is the destruction of tangible property. Both are unmistakable losses, but from an insurance standpoint, only the second loss—the value of the tangible property destroyed—can be considered.

There are very potent reasons for this. To give insurance beyond the value of tangible property would do away with all protection against fraud. It would also stimulate incendiarism, so that for both these reasons such insurance would be distinctly against public policy.

Passing now to the second feature, or insuring against a certainty, suppose all property-owners were obliged to suffer a certain yearly fire loss. It immediately follows that no company could afford to insure against that loss. It would then become an ordinary item of expense, and the only insurance obtainable would be against all subsequent fire losses. Otherwise, the premium could not be determined except by figuring in the whole of the first loss. Thus, the amount of premium would preclude any insurance against a loss that is a certainty.

In accident insurance it is the same. A non-fatal accident brings pain, worry, inconvenience, doctor's bills, inability to attend to business, etc. Of these, the insuring company pays for inability to attend to business; to pay for pain, worry and inconvenience would stimulate carelessness and fraud. If everybody had one accident every year, no company could afford to insure against that accident, but only against subsequent accidents. Otherwise, the premium would be too large. Thus these two features exist also in accident insurance because of public policy and the premium.

Let us now apply the first of these features, insuring against all loss, to credit insurance. At first, it would seem as though all credit losses could be insured, every loss being a direct loss of money. But here this difficulty arises. A merchant, if he had such insurance, and knew he could not lose a dollar, would take undue risks, sell trade he ought not to sell, and perhaps attempt to make profit out of the insuring company. Obviously, such insurance would stimulate carelessness and fraud, and be distinctly against public policy.

This great moral risk consequently demands a safeguard. Therefore a division has been made: one part of the credit losses is considered the indirect loss, and the other part the direct loss. Only the direct loss is insured. The indirect loss takes the form of an initial or own loss to be first taken care of by the insured as his guarantee of good faith and correct business methods.

Consideration of the second feature, or insuring against a certainty, will show how this initial or own loss is arrived at. In the first place, although it is true that most firms will have very light and then very heavy years, yet a definite amount of loss seems to come with such fixed yearly regularity, that it can be figured on as an item of expense. A firm may lose a great deal more, but that amount of loss may practically be counted upon as certain. Clearly, then, no company can afford to insure it, but only to insure losses in excess of that amount.

The division, therefore, between direct and indirect losses make the indirect loss the same as the certain or inevitable loss. This in turn being inevitable, becomes no real loss at all, but a fixed item of expense to enter with other expenses as part of the cost of the goods. Naturally enough, its appearance as an uninsured initial or own loss works no hardship upon the buyer of credit insurance.

Thus one may easily perceive that in credit insurance an initial or own loss is an absolute necessity for two very potent reasons. In the first place, to grant insurance without such initial loss would necessitate a prohibitive medium. Secondly, public policy demands an initial loss as the insured's guarantee of good faith against gross carelessness, loose credits, and fraud.

New Jersey Regulates the Use of Assumed and Fictitious Names.

During the last session of the Legislature of New Jersey, a law was enacted requiring any persons using an assumed or fictitious name in the transaction of business to register the same with the County Clerk for the county in which the business is carried on. The full text of the law is:

CHAPTER 240.

An Act to regulate the use of business names.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Any person who transacts business, using the designation "and Company," or "& Co.," as a part of the firm or partnership name shall file a statement, duly executed and sworn to before some person authorized by the laws of this State to administer an oath, in the office of the clerk of the county within which such business is transacted or conducted, stating the nature of the business and the full names and residences of all persons who are members of such partnership.

2. No person or persons shall hereafter carry on or conduct or transact business under any assumed name, or under any designation, name or style, corporate or otherwise, other than the real name or names of the individual or individuals conducting or transacting such business; unless such person or persons shall file in the office of the clerk of the county or counties in which such person or persons conduct, or transact, or intend to conduct or transact such business a certificate setting forth the name under which such business is, or is to be, conducted or transacted, and the true or real full name or names of the person or persons conducting or transacting the same, with the post-office address or addresses of said person or persons. Said certificate shall be duly executed and sworn to by the person or persons so conducting, or intending to conduct such business, before some person authorized by the laws of this State to administer an oath.

3. Persons now conducting business under an assumed name, or under any such designation as is referred to in section two of this act, shall file such certificate as hereinbefore prescribed, within thirty days after this act shall take effect, and persons hereafter conducting or trans-

acting business as aforesaid shall, before commencing said business, file such certificate in the manner hereinbefore prescribed.

4. The several county clerks of this State shall keep an alphabetical index of all persons filing certificates provided for herein, and for the indexing and filing of such certificates they shall receive a fee of twenty-five cents from the person who presents the same for filing. A copy of such certificate, duly certified to by the county clerk, in whose office the same shall be filed, shall be presumptive evidence in all courts of law in this State of the facts therein contained.

5. This act shall in no way affect or apply to any corporation duly organized under the laws of this State, or to any corporation organized under the laws of any other State and lawfully doing business in this State, nor shall this act be deemed or construed to prevent the lawful use of a partnership name or designation, provided that such partnership name or designation shall include the true or real names of all the members of such partnership.

6. Any person or persons carrying on, conducting or transacting business as aforesaid, who shall fail to comply with the provisions of this act, shall be guilty of a misdemeanor.

7. All acts, or parts of acts, inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on the first day of July, A. D. nineteen hundred and six.

Approved May 17, 1906.

Fraudulent Statements.

No merchant ever gained any permanent success by making a fraudulent statement to his creditors. This is frequently called to mind by court proceedings in which such a merchant and such a statement play an important part, says *Bulletin and Trade*.

During the past week a Twin City wholesale house recovered the amount of its bill from a trustee in bankruptcy because it proved clearly that the bankrupt had obtained the goods in question on a fraudulent statement.

Since creditors have been given a just law on which to base such actions, suits of this kind have steadily increased in number. The results have been very encouraging to the creditors and decidedly discouraging to the debtor making the fraudulent statement. It is to be expected that creditors hereafter will not hesitate in the least about beginning court proceedings whenever they find they have been duped by a fraudulent statement, unless, possibly, the debtor comes to the front and settles.

The fraudulent statement is a product of that yellow streak in human nature which prompts some men to think they can prosper by making the figures lie. They may prosper for a time, but grief comes ultimately.

The anxiety of some wholesalers and manufacturers to increase their business rapidly gives the dishonest retailer using the fraudulent statement as a tool his opportunity.

By this system of lying he can obtain for the time being a better line of credit and probably carry on bigger operations temporarily than his honest competitor down the street.

Right at that period it does look as if honesty was not always the best policy, but there is bound to come a time when the old, rock-ribbed principle that honesty is the best policy is sure to assert itself.

The rascal may escape for the time being, but unless he dies early in his business career he comes to an untimely end. More power to the men who are endeavoring to end the career of the fraudulent financial statement in American business.—*West Coast Trade*.

Unearned Premium Fund of an Insolvent Fire Insurance Company.

STATE OF NEW YORK, ATTORNEY GENERAL'S OFFICE,
ALBANY, NEW YORK.

INSURANCE LAW—FIRE INSURANCE COMPANIES.

Unearned portion of premium, use of in case where company is in hands of receiver. Use of premium reserve for reinsurance purposes.

*To the Honorable The Superintendent of Insurance,
Capitol, Albany, N. Y.*

DEAR SIR:—I am in receipt of your favor of the 2d inst., asking to be advised whether the unearned portion of the premium can be used by a fire insurance company for any other purpose than refunding to the non-conflagration policy-holders their portion of the unearned premium, or reinsuring the unexpired risks, in a case where the company has gone into the hands of a receiver; and also asking whether it can use its unearned premium fund for reinsurance purposes after it has incurred liability by reason of fire losses greater than the amount of its capital and surplus.

In reference to the first question suggested in your letter, would say that after the company has been placed in the hands of a receiver all its creditors stand on the same basis, and that neither claims on account of fire losses nor those of policy-holders who had not sustained loss, would have a preference as against the assets of the company, but that the same would be distributed ratably to all creditors. Of course, if a loss claimant had acquired a lien on the specific property of the company by legal proceedings, that would still remain.

In reference to the second inquiry, would say that while during solvency a company may lawfully use its unearned premium fund for reinsurance of its outstanding risks, yet, after it has become insolvent by reason of its fire losses exceeding its capital and surplus, or for any other reasons, it is not to be permitted to appropriate this portion of its assets to secure protection for a portion of its creditors to the injury of its other creditors who have claims against it on account of fire losses.

Therefore, I am of the opinion that after the company has become liable to claimants by reason of fire losses to an amount in excess of its capital and surplus, it would not be justified in using its entire unearned premium fund in reinsuring its outstanding risks.

Yours very truly,

JAMES G. GRAHAM,
Deputy Attorney-General in Charge.

Judge Gray Decides Important Point in Bankruptcy Case.

The opinion of the Circuit Court of Appeals for the Third District as handed down by Judge Gray in the bankrupt estate of Hark Bros., formerly skirt manufacturers of Philadelphia, deserves the close attention of the entire commercial world. This opinion to a very material extent revolutionizes the bankruptcy practice in the interest of the creditors. A short synopsis of the case is as follows:

Hark Bros. were manufacturers of skirts on Cherry Street, Philadelphia; they were apparently in a flourishing condition, having a large quantity of stock of made up and piece-goods on hand when, suddenly, without any apparent reason and without any explanation, their place was looted and closed, which was the first intimation that any of the creditors had that the concern was in trouble.

An involuntary petition in bankruptcy was filed alleging, as the ground of bankruptcy, that the bankrupts had removed, transferred and concealed their assets with the intention of defrauding their creditors.

Counsel for the bankrupts attempted at once to have the petition dismissed through a demurrer which, however, was not sustained. An answer was then filed by the bankrupts denying the ground of bankruptcy as alleged in the petition and asking for a jury trial. Possibly a year after the filing of the original petition, the case was reached, and after two days' trial, a verdict was rendered in favor of the petitioning creditors.

The facts, however, produced from the testimony in this trial showed that instead of having removed, transferred and concealed their assets with the intention of defrauding their creditors, they had sold a large portion of the same for any price obtainable, which money they paid to certain preferred creditors, and the balance of the stock was also transferred to liquidate confidential obligations.

A motion was made for a new trial and, *on argument, the same was granted* by Judge McPherson, of the Eastern District of Pennsylvania. No opinion was handed down by the Court; it is, however, presumed that it was based on the fact that the evidence produced at the trial was not in support of the allegations contained in the petition. Realizing that it would be virtually impossible, at a second trial, to secure a verdict for the creditors and realizing the great injustice which had been done to the creditors by this failure, a motion was made by J. Howard Reber and Harry S. Mesirov, representing the petitioning creditors, to amend the original petition in bankruptcy so as to include in that petition *a new act of bankruptcy*, namely, the preferential payments which had been made according to the evidence produced at the first trial.

This is the first time that an attempt such as this has been made, for on its face it is apparently contrary to the direct law of the bankruptcy act. The bankruptcy act states specifically that the ground on which the petition in bankruptcy is filed must have been committed within four months previous to the filing of the petition and, of course, the new act of bankruptcy which was now attempted to be put into the original petition was committed more than a year previous to this time.

The matter was fully argued in the United States District Court for the Eastern District of Pennsylvania and by reason of the equities in the case and that justice demanded that Hark Bros. be adjudicated so that the creditors could secure justice the United States District Court, solely on the ground of justice and equity, permitted the amendment to be filed.

An appeal was taken from the finding of the District Court to the Circuit Court of Appeals for the Third Judicial District and the same was fully argued before that Court several months ago.

On June 29, 1906, the Circuit Court of Appeals, in a lengthy opinion—covering eight pages, in which the matter was fully considered and carefully discussed—affirmed the findings of the lower court and dismissed the exceptions filed.

It is impossible to overestimate the importance of this decision. In the past the Appellate Courts of the United States have, in many cases, rendered such technical decisions as to discourage merchants in prosecuting fraudulent failures under the Bankruptcy Act; however, the broad construction as placed on the case in this opinion is such as to open a field for prosecution in bankruptcy that should produce material benefits to the entire commercial world.

A careful reading of the opinion, which is submitted herewith, shows that the courts have come to take judicial notice of the fact that when a fraudulent failure is committed it is almost a physical impossibility for creditors to ascertain the true method of the commission of the fraud and that, therefore, justice is often denied.

A logical outcome of the findings of the Court is that where a fraudulent failure occurs and creditors cannot ascertain the true method under which it was accomplished, they can file a petition in bankruptcy setting forth such facts as they reasonably suppose to have been the cause of the failure and, if at the trial of the case, it appears that the method of conducting the failure was other than that contained in the original petition, the creditors can, no matter what time has intervened, amend their original petition so as to set forth the true facts as discovered and continue the bankruptcy proceeding on the facts as discovered—that is, they can amend their petition so as to include, as an act of bankruptcy, the facts which were discovered at the trial and thereby obtain the full benefits intended to be covered by the bankruptcy act.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD
CIRCUIT.

BENJAMIN W. HARK and HARRY A. HARK,
individually and trading as HARK BROS.,
Alleged Bankrupts,

Petitioners,

against

C. M. ALLEN COMPANY, a corporation; FOL-
WELL BROS., Inc., and CHARLES A. McDON-
NELL and EUGENE STOUT, trading as Mc-
DONNELL, STOUT & COMPANY, Petitioning
Creditors,

Appellees.

Petition for Review from the District Court of the United States
for the Eastern District of Pennsylvania.

GRAY, *Circuit Judge*:

Before DALLAS and GRAY, *Circuit Judges*, and GROSS, *District Judge*.

The petitioners ask this Court, under the provisions of Section 24b of the Bankrupt Act to revise in matter of law certain proceedings in bankruptcy against the petitioners in the District Court for the Eastern District of Pennsylvania, in relation to the leave granted by said Court to the petitioning creditors named in the caption hereof, to amend their original petition in involuntary bankruptcy.

This original petition represented that the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, were insolvent, and that within four months next preceding the date of the petition had individually and as a partnership committed an act of bankruptcy, in that, between the 10th and 15th days of October, 1904, and at other times, they had "removed, transferred and concealed a large portion of their property consisting of pieces of woolen goods, silks, linens, etc., from their place of business at 821 Cherry Street, Philadelphia,

with intent to hinder, delay and defraud their creditors." The indebtedness of the alleged bankrupts to the petitioning creditors is stated to be \$1,356, and the value of the goods removed to be at least \$10,000. The petition prayed that the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, should be adjudged bankrupts. It was filed on October 21, 1904. In response to the order to show cause made by the Court, the defendants appeared and filed an answer on the 9th day of November, 1904, in which they excepted to the petition as insufficient in its averments, and also, without waiving the alleged defects in said petition, made answer, denying the allegation that at the time mentioned in said petition, or at any other time, they had transferred or concealed any part of their property, with intent to hinder, delay or defraud their creditors. They also demanded a trial by jury of the issues presented by the creditors' petition and their answer. The exceptions to the petition were considered in the light of a demurrer by the learned Judge of the Court below, and were overruled March 13, 1905. On the 12th day of June, 1905, a jury trial was had on the issues raised by the petition and answer, as prayed for by the defendants, and a verdict rendered in favor of the plaintiffs that the defendants, "individually and trading as Hark Brothers, did commit an act of bankruptcy, as set forth in plaintiff's petition filed."

On the 15th day of June, 1905, the defendants moved the Court for a new trial upon reasons filed. On August 10, 1905, a new trial was granted. On August 25, 1905, the petitioning creditors filed a petition in the said Court below sitting in Bankruptcy, praying "for leave to amend the creditors' petition filed in the above case by adding the following acts of bankruptcy:

"And your petitioners further represent that the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, while insolvent and within four months next preceding the date of filing of this petition, committed an act of bankruptcy, in that they did, between the 1st of September and the 15th of October, 1904, transfer merchandise, consisting of ladies' skirts, etc., amounting to \$1,500, to Sax Brothers, of the City of Philadelphia, creditors of the said alleged bankrupts, with intent to prefer the said Sax Brothers over the other creditors of the said alleged bankrupts.

"That the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, while insolvent and within four months next preceding the date of the filing of this petition, committed an act of bankruptcy, in that they did, between the 1st and 15th day of October, 1904, transfer the sum of \$250 in cash to Jennie Hark, of Philadelphia, one of their creditors, with intent to prefer the said Jennie Hark over their other creditors.

"That the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, while insolvent and within four months next preceding the date of the filing of this petition, committed an act of bankruptcy, in that they did, between the 1st and 15th day of October, transfer the sum of \$300 in cash to Mr. Lebowitz, of Philadelphia, one of their creditors, with intent to prefer the said Mr. Lebowitz over their other creditors.

"That the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, while insolvent and within four months next preceding the date of filing of this petition, committed an act of bankruptcy, in that they did transfer to Miller & Pleet, of Philadelphia, creditors of the said alleged bankrupts, the sum of \$49.43 in cash on September 21, 1904; the sum of \$200 in cash on September 29, 1904;

the sum of \$57.10 in cash on October 1, 1904; the sum of \$49.70 on October 4, 1904; the sum of \$26.54 on October 7, 1904; and the further sum of \$650 between the 1st and 15th of October, 1904, with intent to prefer the said Miller & Pleet over the other creditors of the said alleged bankrupts.

"That the said Benjamin W. Hark and Harry A. Hark, individually and trading as Hark Brothers, while insolvent and within four months next preceding the date of the filing of this petition, committed an act of bankruptcy in that they did, between the 1st of August and the 15th of October, 1904, transfer the sum of \$1,263.77 in cash to Harry Miller, of Philadelphia, one of their creditors, or to the Girard National Bank, or to both, with intent to prefer the said Girard National Bank, or the said Harry Miller, or both, over the other creditors of the said alleged bankrupts.

The petitioners further pray for leave to amend their petition "by adding after the words in the allegation of the act of bankruptcy, 'between the 10th day of October, A. D. 1904, and the 15th day of October, 1904, and at other times,' the words, 'to wit, between the 1st day of September, 1904, and the 10th day of November, 1904,' your petitioners being informed and believe that the words 'and at other times' in the original petition are too indefinite."

On December 27, 1905, these amendments were allowed by the Court. To this order allowing the said amendments, the defendants excepted, and, in their petition, ask this Court to revise, in matter of law, the proceedings aforesaid in the District Court, and to dismiss the said petition of the petitioning creditors for leave to amend the original petition in involuntary bankruptcy in this case.

The contention of the petitioners is that, by the amendments the petitioning creditors were allowed to allege a new cause of bankruptcy against the defendants, and that the amendments were filed more than four months after the said alleged acts of bankruptcy.

A liberal policy in regard to the allowance of amendments to pleadings both at common law and in equity, is to be encouraged where the amendments proposed tend to prevent failure of justice through technicalities, and where their allowance does not affect injuriously any just right of the opposite party. Statute law has recognized the wisdom of this policy both in this country and in England, by enlarging the discretion of the Courts in that regard, and the trend of judicial opinion has stamped it as an enlightened policy tending to promote the ends of justice.

We do not think the learned Judge of the Court below in this case transgressed the legitimate bounds which limit his discretion in such cases. The original petition stated the act of bankruptcy, to be, the removal, transfer and concealment of the defendants' property from their designated place of business in Philadelphia *with intent to hinder, delay and defraud their creditors.*"

In asking for leave to amend their petition after the verdict in their favor had been set aside by the Court, the petitioning creditors state that the original allegation was founded upon the only information then procurable as to the alleged acts of bankruptcy. This information was, that on the 15th day of October, 1904, the place of business of the alleged bankrupts was found closed and their entire stock in trade gone; that a few days previous to the date last mentioned divers persons had seen large quantities of merchandise at said place of business, and that divers other persons had witnessed the removal thereof under suspicious circumstances; that they were informed that this merchandise was not

disposed of in the regular course of business, but was transferred or concealed for the purpose of defrauding creditors. Upon this information, not unreasonably, the petitioning creditors allege such a transfer and concealment was an act of bankruptcy. At the trial before the jury, they allege that the defendants themselves testified that they never removed nor transferred any of their stock "with intent to hinder, delay or defraud their creditors," but that they disposed of all their merchandise and the cash realized from the sale thereof by transferring the same to certain of their creditors in payment of alleged debts due said creditors; that the alleged bankrupts admitted their insolvency at the trial, and also admitted an act of bankruptcy, though different from the one alleged in the creditors' petition.

Such being the testimony, the trial judge was clearly justified in setting aside the verdict against the defendants, as the act of bankruptcy alleged was not proven. That all the goods were removed from defendants' place of business, as alleged in the petition, was not denied, but it was denied that they were removed or concealed with the particular intent charged in the petition. It was, however, admitted that they were removed and disposed of to certain preferred creditors, with the intent to prefer them over the other creditors. The substantive physical act of removal of the goods from the place of business under circumstances that did not advertise to the creditors and the public what disposition had been made of them was the same as alleged in both the original and amended petitions. It was not in the power of the petitioning creditors to ascertain just how the goods removed were disposed of, or with what particular intent the suspicious removal was made. No laches or want of diligence can be imputed to them in not being able to truly characterize the admitted act of bankruptcy until the information was acquired by the testimony of the defendants themselves at the trial.

No injustice is done the defendants by allowing the creditors to truly characterize the acts alleged both in their original petition. The act of bankruptcy alleged in the amendment was not a new act of bankruptcy, but was the same act of the defendants as set forth in the original petition, definitely characterized.

No surprise could possibly be worked to the defendants by the amendments, and no new proofs were necessary to sustain or defend against the amendments. It is true that the date at which the amendments were filed was more than four months after the acts alleged in the amendments and in the original petition, but no reason presents itself why, in justice to all the parties concerned, the amendments should not be taken as of the date of the original petition. To do otherwise, it seems to us, would be to allow the defendants to escape the just consequences of their own conduct upon the merest technicality, and defeat unnecessarily the beneficent ends had in view in the enactment of the bankrupt law.

We think that none of the numerous decisions cited by the petitioners (and we have examined them all) would support the order prayed for, under the circumstances disclosed in this record.

It is true that the enumeration of some of the articles of property in the original petition differed in description from those enumerated in the amendment, but in both cases those enumerated only purport to be a specification of part of what is embraced in the general description of the property transferred. The allegation, in the first instance, refers to an entire transfer of all defendants' property, so that the property alleged to have been transferred in the amendment must necessarily be included

therein. At all events, it is in both instances a *transfer of property of defendants*.

We think the learned trial judge, with the knowledge of all the facts proven in the jury trial, was abundantly justified in allowing the amendments prayed for.

The Petition of Review is therefore dismissed.

Filed June 28, 1906.

WM. H. MERRICK,
Clerk.

Credit and Commercial Cases for the Month.

PREPARED FOR THE BULLETIN BY GEORGE H. MURDOCH, JR.,
ST. LOUIS, MO.

Acceptance Under Contract of Sale.—Plaintiffs contracted to construct for defendant a system of machinery for ice-making, and, after it was put together on defendant's premises, he examined and tested it for two months, and then set it at work in his own business, continuing it till the end of the season. *Held*, that, notwithstanding the use of the machinery was accompanied by complaints that the work was imperfect, there was an acceptance, which waived all defenses to an action for the price which was not based on special warranties.—*Callahan v. O'Rourke*, 96 N. Y. S. 1010.

Breach of Contract of Guaranty.—The following written guaranty made by J. H. B. to L. & B. Co. for the benefit of his infant son, H. B., viz.: "For the purpose of enabling H. Bumgarner to purchase goods upon credit from Loverin & Browne Co., of Chicago, I hereby guarantee that said H. Bumgarner shall promptly pay them for all goods which they may hereafter sell to him upon credit until this guarantee is revoked. Said payment to be made within ten (10) days after receiving goods. My liability hereinunder shall cover any balance to become due not exceeding five hundred dollars. Goods ordered under this guarantee may be returned within ten days after receiving same at invoice price if goods are returned in good order properly packed. Dated Elizabeth, W. Va., July 11, 1903. J. B. Bumgarner. [Seal.]" *Held* to be a guaranty of payment absolute and unconditional, upon which a suit may be commenced against the guarantor without any previous suit against the principal.—*Loverin & Browne Co. v. Bumgarner*, 52 S. E. (W. Va.) 1000.

Chattel Mortgage on After-Acquired Property.—Under the law of Ohio relating to chattel mortgages, which governs as to their validity and the rights of the mortgagee in bankruptcy proceedings in that State, a mortgage covering goods which may be afterwards acquired by the mortgagor to replace other mortgaged goods sold by him creates a valid lien on such after-acquired property from the time the mortgagee takes lawful possession of the same thereunder; and where the mortgage was given more than four months prior to the bankruptcy of the mortgagor the taking of possession by the mortgagee within such four months with the consent of the mortgagor, although with knowledge of the mortgagor's insolvency, does not constitute a voidable transfer or preference under the bankruptcy act, where it was not done to hinder, delay, or defraud other creditors, but solely to protect his own rights, and was authorized by the terms of the mortgage.—*In re National Valve Co.*, 140 F. (U. S.) 679.

Conditional Sales-Recording Contract.—Where property in the hands of a vendee, the title to which is in a vendor by reason of a conditional sale in the State of Arkansas, is removed to the territory of Oklahoma, the vendor consenting to the retention in Oklahoma by the vendee of such property, and the conditional sale notes are so changed as to make them Oklahoma obligations, payable in Oklahoma, such transaction brings the property and rights of the parties within and under the jurisdiction of the laws of Oklahoma, and a failure on the part of the vendor to record his reservation of title in Oklahoma, as required by its laws, bars him from a recovery thereof in the hands of an innocent purchaser for value.—*National Cash Register Co. v. Paulson*, 83 P. (Okl.) 793.

Contract to Pay Debt of Another.—Forbearance by one having no lien or ground for attachment to execute threats to attach property is no consideration for a promise to pay the claim of another against a third person.—*Wierman v. Bay City-Michigan Sugar Co.*, 106 N. W. (Mich.) 75.

Exemption Rights in Surplus from Sale of Homestead.—Where a homestead is sold under a mortgage, and the proceeds are more than sufficient to satisfy the mortgage debt and costs, the homesteader is entitled to his exemption out of the surplus. This rule is based on equitable principles, and in view of the purpose of the homestead exemption is applicable in all cases, unless expressly or by necessary implication provided otherwise by statute.—*In re Barrett's Estate*, 140 F. (U. S.) 569.

Fixtures—Conditional Sale.—Where a corporation operating a sawmill purchased a planer and matcher under a contract reserving title in the seller until the machine was paid for, the machine remained personal property, and the buyer could not, by attaching it to the realty, affect the seller's right to enforce its lien.—*Wm. Cameron & Co. v. Jones*, 90 S. W. (Tex.) 1129.

Future Earnings as Subject of Mortgage.—The owner of a threshing machine may mortgage the future earnings of the same, as against earnings of laborers employed in running the machine, provided the intent of the mortgagor to mortgage all of such earnings, including the wages of employes, is clearly shown by the mortgage, and the description of the mortgage is sufficiently definite, and the time and place within which the earnings are to accrue are sufficiently specified.—*Flanders v. French*, 106 N. W. (S. D.) 54.

Garnishment of Proceeds of Fraternal Insurance.—Laws 1903, p. 68, No. 53, Sec. 15, providing that the benefits "to be paid" by a fraternal beneficial association shall not be liable to attachment or other process, and shall not be seized to pay any debt of the certificate holder or beneficiary, does not exempt from garnishment or other legal process the proceeds of a benefit certificate, which have been paid over by the fraternal association, and which are on deposit in a bank to the credit of the beneficiary.—*Recor v. Recor*, 106 N. W. (Mich.) 82.

License Law Held Unconstitutional.—Laws 1905, pp. 372, 373, providing that every person, firm, or corporation who, after shipment to the State, canvasses and sells by sample certain articles, shall pay a license tax of \$200 for each calendar year, or portion thereof, in each county in which the occupation is pursued, are unconstitutional, as impairing the privileges and immunities of citizens of the several States, guaranteed by Const. U. S. Art. 4, Sec. 2.—*Bacon v. Locke*, 83 P. (Wash.) 721.

Partnership Creditor.—A partnership creditor must work out his lien on the partnership property through one of the partners, and when he cannot do this he has no enforceable lien.—*Merkley v. Gravel Switch Roller Mills Co.'s Assignee*, 90 S. W. (Ky.) 1059.

Payment of Unrecorded Mortgage.—Under the law of Tennessee an unrecorded mortgage is valid, as between the parties, where given in good faith to secure a valid debt, and, where such a mortgage was given more than four months prior to the mortgagor's bankruptcy, its payment within such four months does not constitute a voidable preference.—*Rogers v. Page*, 140 F. (U. S.) 596.

Right to Extinguish Lien of Mortgage.—A mortgagor has the right to pay the indebtedness secured by the mortgage and extinguish the lien at any time before the property is sold by the mortgagee.—*Litz v. Exchange Bank of Alva*, 83 P. (Okl.) 790.

Suspension of Statute of Limitations.—Under the express provisions of Code Pub. Gen. Laws, Art. 57, Sec. 7, whenever any person dies indebted and his interest in real estate is liable to be proceeded against for the payment of his debts by reason of the insufficiency of his personal estate, the operation of limitations is suspended in relation to the heirs and devisees of the debtor for the period of eighteen months from the death of the decedent.—*Eirley v. Eirley*, 62 A. (Md.) 962.

Verdict not Subject to Garnishment.—A verdict upon which no judgment has been entered is not a subject for garnishment.—*Cappelli v. Wood*, 62 A. (R. I.) 978.

What Constitutes Payment.—In order to constitute a payment, the debtor must give something, either in money, property, or right, or must perform some service. Under a plea of payment, a discharge of the obligation in money or its equivalent may be shown; but it is not permissible to show a gift by the creditor of the amount of the obligation.—*White v. Black*, 90 S. W. (Mo.) 1153.

Wife as Surety for Husband.—In an action on a note of a married woman and her husband, an answer setting up that the note was without consideration as to the wife, being given for a pre-existing debt of the husband, states a good defense.—*Hover v. Magley*, 96 N. Y. S. 925.

Wife's Failure to Join in Mortgage.—Where a wife does not join in a mortgage, so that her inchoate right of dower is not barred, the mortgage is nevertheless enforceable, except as against such dower right.—*Lowe v. Walker*, 91 S. W. (Ark.) 22.

LOCAL ASSOCIATION NOTES.

Cleveland, Ohio.

The regular monthly meeting of the Cleveland Credit Men's Association was held in the Chamber of Commerce, on May 23, but without a dinner, it being thought best to dispense with the usual banquet on this occasion. President Thos. P. Robbins occupied the Chair.

The Secretary read the list of delegates and alternates who had been elected to represent the Cleveland Association at the National Convention at Baltimore, Md., June 13, 14 and 15.

The President announced that the Cleveland Chapter, Institute of Bank Clerks, would debate in Cleveland with the Detroit Chapter on the matter of the Bankruptcy Act, the date being May 29, 1906. The debate would be open to credit men and others interested.

The meeting was arranged to give everyone an opportunity of bringing up matters of interest for consideration and debate. This change of plan was thought wise, inasmuch as too much dependence had been placed upon outside speakers for monthly programs.

One of the topics discussed was "Double Dealings with a Fellow Creditor," and Mr. F. H. Davies introduced the subject. Messrs. F. H. Randel, W. B. Fish, Harry New, W. C. Sly, W. F. Lyon, A. L. Somers, F. A. Grossenbacher, Jas. A. Robinson, C. M. Huddle, W. M. Pattison and W. H. Findley took part in the discussion.

President Robbins suggested for debate, "The Advisability of Having a Reference Committee," the subject having been mentioned in the National Bulletin. While some members thought it would be valueless for a credit man in one line of business to submit his difficulties to men engaged in other lines of trade there were members who considered it would be beneficial to do so. After some discussion on the point, W. B. Fish moved "That the Chair appoint a committee of six for the purpose of formulating working plans for a reference committee that should consider credits and pass upon risks." The motion was seconded and carried unanimously. Thereupon President Robbins appointed the following as said Committee: W. B. Fish, Chairman; Jas. A. Robinson, F. H. Randel, T. C. Keller, A. L. Davies and W. W. Chamberlain.

"Mercantile Agency Legislation in Massachusetts" was the next item taken up for consideration, and Mr. Wm. E. Crofut spoke at length on the subject, stating that the difficulties the mercantile agencies have to contend with are too numerous and diverse to permit them to prove the truth of all information given to their subscribers. Mr. Crofut said that while there was room for improvement in the workings of the mercantile agencies, the proposed bill (House Bill 863 in the Massachusetts Legislature) was, in his opinion, unwise and unfair and would be a serious interruption to credit information.

The next matter taken up was the reported discontinuance by R. G. Dun & Co. of the daily notification sheets to their subscribers in certain cities in Michigan, notably in Detroit. A communication was read from the Detroit Credit Men's Association, addressed to the Dun and Bradstreet agencies, asking that this service be reinstated. After discussion, W. H. Marshall offered the following resolution: "Resolved, That this Association heartily approves and appreciates the action of the R. G. Dun Co. in issuing to us daily notification sheets, and deprecates very much the fact that they have discontinued issuing sheets to their subscribers in certain places in Michigan, notably in Detroit." The resolution, having been seconded, was carried unanimously.

J. B. Pearce, Chairman of the Membership Committee, announced the receipt of a number of applications for membership.

The June meeting of the Association was held at the Dover Bay Club House at Dover Bay, Thursday, June 28th, and was in the nature of an outing. Cars conveyed the members to their destination, leaving the public square at 3 o'clock P. M.

Tennis, baseball, boating, etc., were indulged in until 6.30 o'clock, when dinner was served. After the dinner a short business session was held, at which the reports of the delegates to the National Convention at Baltimore were heard.

At 10 P. M. special cars were boarded and the return trip to the city was made without accident or any incident to mar the pleasure of the happy occasion.

Des Moines, Iowa.

The annual meeting of the Des Moines Credit Men's Association was held at the Savery House on Tuesday evening, July 10th. A very large number of the members were in attendance. President W. F. Mitchell occupied the chair.

The report of the Adjustment Bureau Committee was received and the recommendations therein made were adopted. Upon motion of Mr. Brown it was resolved to make the temporary committee on Adjustment Bureau a permanent committee with the power to add a fifth member, and have entire charge of the effort to establish an Exchange Bureau in connection with the local Association.

The election of officers and Board of Directors for the ensuing year being in order, it was moved and seconded that the Secretary cast the ballot of the Association for the present officers to succeed themselves. The motion was unanimously carried.

The report of Secretary D. M. Douglass on the work accomplished by the National Convention at Baltimore was received, and the Association was favored by remarks from Mr. Ellison, of the Marquardt Savings Bank.

Secretary Douglass announced the names of a number of new members received since the last meeting.

The Association discussed several matters of interest pertaining to its work and upon motion adjourned to meet on the second Tuesday in October.

Jacksonville, Florida.

The newly-elected board of directors of the Jacksonville Credit Men's Association held their first meeting at the office of the Association in the Duval building, Tuesday afternoon, June 12th, Vice-President J. D. Holmes presiding.

This being the first meeting of the board since their election at the annual meeting makes it one of the most important meetings of the board during the coming year, inasmuch as a number of important matters in the way of contracts for the coming year were made, and the election of the secretary and treasurer was held. Mr. J. W. Clark was re-elected secretary and manager of the Association, and Mr. J. C. Darby was re-elected treasurer by the unanimous vote of the board.

The following gentlemen compose the board of directors: R. V. Covington, President, President Covington Company; J. D. Holmes, Vice-President, President Baker & Holmes Company; F. S. Gray, President S. B. Hubbard Company; R. D. Knight, President Knight Crockery Company; B. G. Lassiter, General Manager United Grocery Company; C. C. Loraine, Manager Kingan & Co.; E. B. Walker, Agent Cumberland Mills; J. W. Clark, Secretary and Manager of the Association.

The membership of the Association consists of all the leading and progressive wholesale jobbers, banks and manufacturers of the city, and the good results achieved have been beyond the expectation of the members, officers and the management.

The good that has been accomplished by the Association is in a large measure due to the able manner in which the association has been conducted, having in Mr. Clark a man of long experience in this particular class of credit reporting and exceptionally fitted for the place, backed by the hearty co-operation of the entire membership.

The Association has long since passed the experimental stage, and is now a fixture, having been in existence several years, and has proved

beyond a doubt its great value, and it is hoped by the management that the few houses who have held aloof up to this time will very soon come within the fold.

Los Angeles, California.

The annual outing and banquet of the Los Angeles Credit Men's Association was held on Saturday, July 7th, at Venice. One hundred and twenty members were in attendance, and the affair was pronounced by all present to be the most enjoyable and most successful of any ever held. The members assembled at Fourth and Hill Streets at 3:30 P. M., and boarded cars waiting to convey them to Venice, at which place they arrived promptly at four o'clock. From that hour until 7 P. M. a general good time was indulged in—some boating, some skating and others enjoying a program of varied entertainment arranged for their pleasure.

At 7 P. M. the entire number assembled at the banquet board, with President G. Witherspoon presiding and acting as toastmaster. The following (Spanish) menu was enjoyed:

Bisque de Salmon à la Mexicana	
Macarela à la Española	
Pollo con Arroz	
Tomates Rellenos à la Mexicana	
Enchiladas	
Carnero Asado con Ejotes	Estilo Mexicano
Ensalada Gaspacho	
Helados	
Confites	
Queso	Bizcochos
Cafe Negro	

A special feature of the occasion was the presentation by Señor José Maria Rivera and his company of the time-honored Spanish dances of the old Pueblo—dances of the times before the now omnipresent Gringo disturbed, with his pernicious activity, the repose of the sleeping Reina de los Angeles. The following five dances were given: (1) "Sombrero Blanco," (The White Hat); (2) "Los Pollitos," (The Little Chickens); (3) "Los Comotos," (The Sweet Potatoes); (4) "La Hota"; (5) "La Zorita," (The Pigeon).

At the close of the banquet and entertainment President Witherspoon introduced as the speaker of the evening the Rev. Dr. S. Hecht, who delivered an interesting address.

At 10:30 the meeting adjourned. Cars in waiting were soon filled and headed toward Los Angeles where, in good time, all arrived safely, voting the occasion one of the most enjoyable they had ever experienced.

Louisville, Ky.

Speech and song contributed to make the banquet of the Louisville Credit Men's Association, at the Louisville Hotel on the evening of June 26, a most enjoyable occasion. Covers were set for 100, and many ladies were among the number who did justice to the excellent menu.

Emmet Slattery and W. B. Belknap were guests of the evening, and each delivered an informal address that was listened to by appreciative hearers. Several delegates to the National Convention held in Baltimore reported briefly as to its transactions, and the speaking was interspersed by vocal solos, in which Miss Virginia Schaeffer and Peter J. Schlicht took part, their efforts to entertain the company being most successful and enthusiastically encored.

Joseph H. Scales, President of the local association, acted as toast-master, and occupied the position with grace and dignity. Mr. Belknap was first called upon to speak. He emphasized the fact that the work of the credit man does not lie merely in the necessity for limiting the credit of men who were inclined to exceed the safety margin; but that a pleasanter, and in some ways more important function, was the encouraging of men in business, who might not perhaps be financially strong, but who were possessed of the character and ability that made them worthy of confidence. It is a source of gratification to a credit man to see some young man whom he had thus assisted, gradually attain a position of strength and commercial importance. In this way he not only serves his house and the individual customer, but is of value to the whole community.

The work of the National Credit Men's Association was discussed by Frank M. Gettys, who spoke briefly, and gave an idea of the strength of the movement to organize the credit men of the country by referring to the fact that there are now local associations in fifty-three cities affiliated with the national organization, having a membership of 7,500, representing 319 lines of trade. He said that local credit associations that failed to unite with the national association have been short lived.

Representative Emmet Slattery was introduced as a man who had been of service to the Louisville credit men, by assisting in the passage of a bill at the last Legislature making it imperative that persons doing business under assumed names should register the name of the actual proprietor of the concern with the County Clerk.

Mr. Slattery began with a gallant reference to the presence of the ladies, and then modestly disclaimed credit for the legislation mentioned, saying that the Louisville Association had suggested the introduction of the bill, and by its strong support had been largely instrumental in securing its enactment. The bill he believed had already occasioned grave concern to certain local firms, especially the 10 per cent. loan men, several of whom had visited him in his office and roundly berated the Louisville Credit Men's Association for its action. He pledged his help to the association whenever it might again require his services.

An interesting report of the Baltimore Convention was given by Mr. Scales, who dwelt upon its social features, and as a result urged upon the local members a campaign to double the membership of the Louisville Association. Several others of those present spoke interestingly on various topics.

Omaha, Neb.

The annual meeting of the Omaha Association of Credit Men was held June 28th at the rooms of the Commercial Club after a very enjoyable dinner. The time was spent in discussing a number of questions of interest to the Association. The annual reports of the retiring officers were read, which made a very creditable showing, especially in membership, there being a gain of thirty-six members during the past year.

A new board of directors was chosen, and from these were elected the new officers. The old officers were all re-elected, with the exception of the Vice-President. Following is the list of officers for the coming year: President, T. W. Austin, of American Hand Sewed Shoe Co.; Vice-President, F. C. Patton, of Richardson Drug Co.; Secretary, S. T. Dorsey, of Baum Iron Co.; Treasurer, E. G. Jones, of Credit Clearing House.

It was decided that the next year should make even a better showing than the last. A strong legislative committee will be appointed to take

up matters of needed legislation during the coming winter, especially the Bulks Sales Law, which failed to pass at the last legislature.

St. Joseph, Mo.

Governor E. W. Hoch, of Kansas, made the industrial possibilities of the West and their relation to the control of corporations by the Government the theme of his speech at the banquet of the St. Joseph Credit Men's Association at the Lotus Club on the evening of June 27th. He said that St. Joseph, with the cities on the Missouri River, is the natural gateway to the West and Southwest, and predicted a time when this part of the country would get the traffic of the continent both "coming and going."

Continuing, he said: "I bring to you a message of serious industrial import. It is so uppermost in the public mind that it behooves us as business men, as thoughtful American citizens, to give it thoughtful and candid consideration. This is the question of the relation of the Government to corporations. Time was when nearly everything used in a community was made in that community. The shoes, the hats, the clothing and the vehicle were made by local labor and by local capital. Now, however, these are not made in the community where they are consumed. They are made in great industrial centers. Inventive genius and modern commercial conditions make it necessary that we shall have great aggregations of capital. He is a demagogue who thinks that this in itself is bad. It is not bad. It is good. But with this new condition comes new responsibility of Government. Years ago when a stage coach driver charged extortionate rates, a man could hitch up his own team. It was the same with the big freight wagons. But now this country is threaded with 200,000 miles of railroads. The whole freight and passenger traffic is controlled by public carriers and conditions are changed.

"It would be ridiculous to talk about regulating the rate of the stage coach and the freight wagon, but not ridiculous to talk of regulating the rates of railroads. But when the right is recognized of Government to control public carriers, the man who wants to be fair-minded will at once recognize the difference between the possession of power and the exercising of power. The difference is the same as between the demagogue and the statesman. The statesman says that these great organizations are necessary, and that the readjustment of the Government to this changed condition is a necessity of the times. But how to do this without doing injustice to anyone is the question. A railroad getting its right to exist from the Government should treat all fairly and squarely. To allow one man a rebate and not another is infamous. But let us be fair. Who is to blame? Two railroads enter a town. A big shipper persuades one railroad to give him a rebate and the other to give him a still greater rebate. Both want the business and the agent grants the rebate. This is wrong, yes. But it is human. Now the problem of the Government is, How can the railroad and the shipper be protected at the same time?"

At the close of the banquet and during the business session of the Association the reports of B. C. Pinger, S. W. Hundley, and C. S. Dickey, who were delegates to the National Convention of Credit Men, at Baltimore, were made. The chief theme of the speakers was the great benefit of the enactment of a "bulk sales" law, which would provide that whenever a sale of stock in bulk is made the creditors of the seller must be informed.

Rev. T. W. O'Kelley spoke upon "The Expense Account." His speech was pointed, and showed that a man should control the expense account and not let it control him.

San Francisco, Cal.

Reports reach the National office that the San Francisco Credit Men's Association is actively engaged in re-establishing itself.

Secretary Armer has opened an office at 2707 Sacramento Street. The directors of the Association at a meeting held recently adopted resolutions bearing upon the adjustment of fire losses. These resolutions are in harmony with the action taken by the Los Angeles Association and by the National organization.

Savannah, Ga.

Secretary W. J. Donlan, of the Savannah Credit Men's Association, writes the National Secretary-Treasurer an interesting letter on the work of that Association and says it is in a healthy and growing condition, and everything is moving along nicely. A number of new members have recently joined the Association and the outlook is for a prosperous and successful year.

Secretary Donlan further says:

"The Association has now inaugurated and established a Credit Interchange Information Bureau for the local interchange of credit information, and it has been in operation about one month. The results are very satisfactory and we are getting new members almost every week on account of this particular feature. The Association is holding regular monthly meetings on the third Tuesday in each month and we are having a large attendance at said meetings and a great deal of interest is being manifested in the work."

Seattle, Washington.

The Seattle branch of the National Association of Credit Men held its regular monthly meeting on Monday evening, July 16th, at the Hotel Stander. The function was in the nature of a banquet and elaborate plans for the success of the same were carried out in every detail.

The principal event of the evening was the report made by Mr. J. W. Spangler, delegate to the National Convention at Baltimore, Md., who had many interesting things to tell about his experiences in that city. He had nothing but praise for the officers of the National Association and went so far as to make the statement that he would never miss another National Convention.

The press of Seattle gave very favorable notices of the National Convention while it was in session at Baltimore and mentioned the fact that Seattle was working hard to have the Convention for 1909 held in that city. Mr. Spangler's report of the National Convention has aroused new interest in the local Association and it was resolved to increase the membership to at least one hundred members before the convention is held in Chicago next year. In all probability the Seattle Association will have a large number of delegates in attendance at the Chicago Convention in 1907.

Wichita, Kansas.

At the last regular meeting of the Wichita Credit Men's Association considerable important business was disposed of, and the following officers were elected for the ensuing year:

President, L. B. McCausland, of Ross Bros.; Vice-President, Lee Hays, of Lee Hays Saddlery Co.; Secretary, Willis Davis, of The Southwestern Drug Co.; Treasurer, W. A. Story, of Aylesbury Mercantile Co.

Directory of Officers of Affiliated Branches of the National Association of Credit Men.

BRANCH ASSOCIATIONS.

ATLANTA, GA.—The Credit Men's Association of Atlanta. President, R. H. White, Everett-Ridley Co.; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.

BALTIMORE, MD.—The Credit Men's Association of Baltimore. President, A. L. Rosenaur, Baltimore Bargain House; Secretary, S. D. Buck, Maryland National Bank Bldg.

BIRMINGHAM, ALA.—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hardware Co.; Secretary, G. B. McVay, Amzi Godden Co.

BOSTON, MASS.—Boston Credit Men's Association. President, John R. Ainsley, John R. Ainsley & Co.; Secretary, Chas. L. Bird, 77 Summer Street.

BUFFALO, N. Y.—Buffalo Credit Men's Association. President, Alfred H. Burt, Burt & Sindele; Secretary, J. J. Dolphin, 187 Hoyt Street.

CHATTANOOGA, TENN.—The Credit Men's Association of Chattanooga. President, A. T. Ham, Miller Bros. Co.

CHICAGO, ILL.—The Chicago Credit Men's Association. President, Wm. J. McMillan, The N. K. Fairbanks Co.; Secretary, John Griggs, 218 LaSalle Street.

CINCINNATI, O.—The Cincinnati Credit Men's Association. President, George Guckenberger, Atlas National Bank; Secretary, Henry Bentley, 1201 Union Trust Bldg.

CLEVELAND, O.—Cleveland Credit Men's Association. President, T. P. Robbins, Cleveland Hdw. Co.; Secretary, Kenneth R. Taylor, 812 Park Bldg.

COLUMBUS, O.—Columbus Credit Men's Association. President, H. M. Powell, The Wolfe Bros. Shoe Co.; Secretary, Benson G. Watson, Union National Bank Bldg.

DALLAS, TEX.—Dallas Association of Credit Men. President, S. J. Hay, Texas Paper Co.; Secretary, W. P. Peter, Emerson Mfg. Co., P. O. Box, 1105.

DENVER, COL.—The Denver Credit Men's Association. President, L. B. Bridham, Davis-Bridham Drug Co.; Secretary, I. A. Babcock, Daniels & Fisher Stores Co.; Assistant Secretary, H. A. C. Mathew, Colorado National Bank Building.

DES MOINES, IOWA.—Des Moines Credit Men's Association. President, W. F. Mitchell, Chamberlain Medicine Co.; Secretary, D. M. Douglass, Bentley & Olmsted Co.

DETROIT, MICH.—Detroit Credit Men's Association. President, Chas. B. Sawyer, The Pingree Co.; Secretary, W. S. Campbell, 506 Wayne County Bank Bldg.

DULUTH, MINN.—The Jobbers' Credit Association. (Duluth-Superior.) President, Daniel Waite, Blake & Waite Co.; Secretary, James H. Nolan, Knudson-Ferguson Fruit Co.; Assistant Secretary, F. H. Green, 401 Torrey Bldg.

FORT WORTH, TEX.—Fort Worth Association of Credit Men. President, H. E. Gardner, Carter-Hunt Gro. Co.; Secretary, Geo. Q. McGown, Reynolds Bldg.

GRAND RAPIDS, MICH.—Grand Rapids Credit Men's Association. President, A. B. Merritt, Valley City Milling Co.; Secretary, H. C. Cornelius, Wolverine Brass Works.

HOUSTON, TEX.—Houston Association of Credit Men. President, E. A. Peden, Peden Iron & Steel Co.; Secretary, Sterling Myer, Hunt & Myer.

JACKSONVILLE, FLA.—Jacksonville Credit Men's Association. President, C. W. Bartleson; Secretary, J. W. Clark.

KANSAS CITY, MO.—Kansas City Association of Credit Men. President, Sam H. Smith, Smith-McCord Townsend D. G. Co.; Secretary, H. C. Nelson, Sherwin-Williams Co.

LINCOLN, NEB.—Lincoln Credit Men's Association. President, M. I. Aitken, Cashier National Bank of Commerce; Secretary, E. G. Evans, Lincoln Hdw. Co.

LOS ANGELES, CAL.—Los Angeles Credit Men's Association. President, G. Witherspoon, R. L. Craig & Co.; Secretary, W. C. Mushet, 323 Bullard Bldg.

LOUISVILLE, KY.—Louisville Credit Men's Association. President, J. H. Scales, The Belknap Hdw. and Mtg. Co.; Secretary, R. Ruthenburg, Mendel, Weinstock & Co.

LYNCHBURG, VA.—Lynchburg Credit Men's Association. President, N. B. Handy, N. B. Handy & Co.; Secretary, R. Winston Harvey, Craddock-Terry Co.

MEMPHIS, TENN.—The Memphis Credit Men's Association. President, H. A. Ramsey, Jr., Stewart Gwynne & Co.; Secretary, H. A. Burkhardt, Credit Clearing House.

MILWAUKEE, WIS.—The Milwaukee Association of Credit Men. President, W. B. Strong, Jerman, Plueger & Kuehmsted Co.; Secretary, H. M. Battin, Standard Oil Co.

MINNEAPOLIS, MINN.—Minneapolis Credit Men's Association. President, S. L. Sewall, Minneapolis Iron Store Co.; Secretary, M. C. Badger, Patterson & Stevenson Co.

NASHVILLE, TENN.—Nashville Credit Men's Association. President, E. O. Harris, Harris, Davis & Co.; Secretary, Geo. M. Thomas, American Bldg.; Assistant Secretary, Chas. H. Warwick.

NEW ORLEANS, LA.—New Orleans Credit Men's Association. President, A. H. Kaiser, Picard, Kaiser & Co.; Secretary, T. J. Bartlette, B. J. Wolf & Sons.

NEW YORK, N. Y.—The New York Credit Men's Association. President, Malcolm Graham, Jr., F. O. Pierce Co.; Secretary, H. J. Sayers, 320 Broadway.

NORFOLK, VA.—Norfolk Credit Men's Association. President, Chas. Hoofnagle, The Four Co.; Secretary, C. L. Conradt, Old Dominion Tobacco Co.; Assistant Secretary, H. N. Poulson.

OMAHA, NEB.—The Omaha Association of Credit Men. President, T. W. Austin, American Hand-Sewed Shoe Co.; Secretary, E. G. Jones, Credit Clearing House.

PHILADELPHIA, PA.—The Philadelphia Credit Men's Association. President, Frank S. Evans, Strawbridge & Clothier; Secretary, S. W. Severson, Room 702, No. 1001 Chestnut St.

PITTSBURGH, PA.—Pittsburgh Association of Credit Men. President, W. A. Given, The Pittsburgh Dry Goods Co.; Secretary, W. L. Danahey, 716 Frick Bldg.

PORTLAND, ORE.—Portland Association of Credit Men. President, Paul De Haas, The C. Gotzian Co.; Secretary, W. L. Abrams Allen & Lewis.

RICHMOND, VA.—Richmond Credit Men's Association. President, John Landstreet, R. A. Patterson Tobacco Co.; Secretary, Jo. Lane Stern, 1014 East Main St.

ROCHESTER, N. Y.—The Rochester Credit Men's Association. President, J. H. Lempert, Solomon Bros. & Lempert; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.

ST. JOSEPH, MO.—St. Joseph Credit Men's Association. President, James E. Cox, R. L. McDonald & Co.; Secretary, P. E. Parrott, Battreal-Whittinghill Shoe Co.; Assistant Secretary, Sidney Beery.

ST. LOUIS, MO.—The St. Louis Credit Men's Association. President, J. H. Kentnor, Smith & Davis Mfg. Co.; Secretary, A. H. Foote, Dolph Bldg.

ST. PAUL, MINN.—St. Paul Credit Men's Association. President, W. H. Mingaye, T. L. Blood & Co.; Secretary, H. W. Parker, Merchants' National Bank.

SALT LAKE CITY, UTAH.—The Utah Association of Credit Men. President, Arthur Parsons. Assistant Secretary and Manager, John Q. Critchlow, P. O. Box, 419.

SAN DIEGO, CAL.—The Credit Association of San Diego. President, Simon Levi, 400 Fifth Street; Secretary, Sam Ferry Smith, 841 Fifth Street.

SAN FRANCISCO, CAL.—San Francisco Credit Men's Association. President, G. Brenner, Elkus-Brenner Co.; Secretary, Ben Armer, 2707 Sacramento St.

SAVANNAH, GA.—Savannah Credit Men's Association. President, W. F. Scherff, S. Guckenheimer's Sons; Secretary, W. J. Donlan, Chamber of Commerce.

SEATTLE, WASH.—Seattle Credit Men's Association. President, Geo. F. Telfer, National Grocery Co.; Secretary, Robert R. Fox, Simonds Mfg. Co.

SIOUX CITY, IA.—Sioux City Bureau of Credits; President, R. M. Baker, 1437 Douglas St.; Secretary-Treasurer, C. N. Lukes, Security National Bank.

SIOUX FALLS, S. D.—Sioux Falls Credit Men's Association. President, J. W. Fenn, Fenn Bros., Inc.; Secretary, R. J. Cone Manchester Biscuit Co.

SPOKANE, WASH.—Spokane Jobbers' Association. President, J. M. Comstock, Spokane D. G. Co.; Secretary, J. B. Campbell, 308 Empire State Building.

TOLEDO, OHIO.—Toledo Association of Credit Men. President, W. G. Beattie, The J. M. Bour Co.; Secretary, A. A. Hall, L. S. Baumgartner & Co.

TROY, N. Y.—Troy Credit Men's Association. President, Hugh Galbraith, The Boutwell Milling & Grain Co.; Secretary, Wm. Colvin, Jr., Josiah Young.

WHEELING, W. VA.—The Wheeling Credit Men's Association. President, Chas. W. Franzheim, The Wheeling Potteries Company; Secretary, Samuel W. Harper, Harper & Bro.

WICHITA, KAN.—Wichita Credit Men's Association. President, L. B. McCausland, Ross Bros.; Secretary, Willis Davis, Southwestern Drug Co.

YOUNGSTOWN, O.—Youngstown Credit Men's Association. President, Thos. J. Milroy, Leavitt-Milroy Co.; Secretary, Charles W. Gilgen, Chamber of Commerce.

Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

ATLANTA, GA.—Henry C. Leonard, 404 Gould Building.
BUFFALO, N. Y.—W. A. Joyce, care W. H. Walker & Co.
CINCINNATI, OHIO—Henry Bentley, 210 Bell Block.
CLEVELAND, OHIO—Kenneth R. Taylor, 812 Park Building.
COLUMBUS, OHIO—B. G. Watson, 308 Union National Bank Building.
DALLAS, TEXAS—Wm. H. Flippen, 219 Commerce Street.
DENVER, COLO.—C. N. Kinney, Colorado National Bank Building.
FORT WORTH, TEXAS—Geo. Q. McGown, Reynolds Building.
GRAND RAPIDS, MICH.—R. J. Cleland, 427 Houseman Building.
KANSAS CITY, MO.—C. R. Woodruff, care Swofford Bros.
LOS ANGELES, CAL.—W. C. Mushet, Bullard Building.
MEMPHIS, TENN.—J. A. Ely, 56 South Front Street.
MILWAUKEE, WIS.—H. L. Eisen, care Landauer & Co.
MINNEAPOLIS, MINN.—F. H. Suffel, 666 Gilfillen Block, St. Paul, Minn.
NASHVILLE, TENN.—Geo. M. Thomas, American Building.
PHILADELPHIA, PA.—S. W. Severson, 1001 Chestnut Street.
PITTSBURGH, PA.—Geo. E. Reynolds, 716 Frick Building.
PORTLAND, ORE.—R. L. Sabin, No. 1 Front Street.
ROCHESTER, N. Y.—I. A. Wile, 1008 Granite Building.
ST. JOSEPH, MO.—Sidney Beery, German American Bank Building.
ST. PAUL, MINN.—F. H. Suffel, 666 Gilfillen Block.
SALT LAKE CITY, UTAH—John Q. Critchlow, P. O. Box 419.
SAN DIEGO, CAL.—Sam Ferry Smith, 841 Fifth Street.
SEATTLE, WASH.—I. H. Jennings, 312 Bailey Building.
SPOKANE, WASH.—J. B. Campbell, 308 Empire State Building.
YOUNGSTOWN, OHIO—W. C. McKain, Dollar Savings and Trust Building.

List of cities where bureaus for the exchange of credit information are being operated by affiliated branches of the National Association of Credit Men:

Bureaus for the Exchange of Credit Information

Baltimore, Md.	Minneapolis, Minn.
Birmingham, Ala.	Nashville, Tenn.
Cincinnati, Ohio	Norfolk, Va.
Columbus, Ohio	Portland, Ore.
Denver, Colo.	Savannah, Ga.
Duluth, Minn.	St. Paul, Minn.
Fort Worth, Texas	San Diego, Cal.
Grand Rapids, Mich.	Seattle, Wash.
Jacksonville, Fla.	Sioux City, Iowa
Los Angeles, Cal.	Sioux Falls, S. D.
Louisville, Ky.	Spokane, Wash.
Memphis, Tenn.	Youngstown, Ohio

Laws regulating the sale of stocks of goods in bulk have been placed upon the statute books of the following States:

California	Massachusetts
Colorado	Michigan
Connecticut	Minnesota
Delaware	New York
Dist of Columbia	Oklahoma
Georgia	Oregon
Idaho	Pennsylvania
Illinois	Tennessee
Kentucky	Utah
Louisiana	Virginia
Maine	Washington
Maryland	Wisconsin

Attention is called to the Court decision in the case of Hark Bros., bankrupts, which appears on page 27 of this issue. This decision is of great importance to creditors of bankrupts, and members of the National Association of Credit Men will find it of great interest.